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Cambodia Says Its Forces Slow Vietnamese Troops

TOKYO, Jan. 3 (UPI).—Cambodian Embassy officials in Peking said today that fighting along the Vietnam-Cambodian border was continuing and the Vietnamese soldiers faced "extreme" difficulties in their invasion. Japan's Kyodo news agency reported from the Chinese capital.

The officials told newsmen that Cambodian soldiers were making counterattacks against the Vietnamese "aggressor forces" near the border towns of Takeo and Soai Rieng, Kyodo said.

"The Vietnamese aggressor

forces are still staging an invasion," the officials were quoted as saying, but they added that counterattacks have put the Vietnamese in an "extremely" difficult position.

Military sources in Peking felt, however, that the Vietnamese have an advantage over the Cambodians, the Japanese dispatch said.

Kyodo said that according to diplomatic sources in the Chinese capital, the former Cambodian ambassador to Vietnam arrived in Peking yesterday to brief Chinese leaders on the reasons why his country severed

relations with the Hanoi government Saturday.

It was also reported today that Cambodia's Premier Pol Pot has sent a personal appeal to North Korea's President Kim Il Sung for support in Cambodia's border conflict.

North Korea's KCNA news agency published what it called the full text of a letter to Mr. Kim from Pol Pot, who visited North Korea in October. It read, in part:

"I have the honor of sending to the comrade President the statement of the government of Democratic Kampuchea [Cambodia] dated Dec. 31, 1977, published in connection with the invasion of the Socialist Republic of Vietnam upon the territory of Democratic Kampuchea.

"Considering the good, friendly relations established between our two countries, I am convinced that the Democratic People's Republic of Korea will show interest in the content of this statement."

KCNA said that Pol Pot's letter was accompanied by letters to newly appointed North Korean Premier Li Jong Ok and Minister Ho Dam.

North Korea has long had close ties with Cambodia, and cool formal relations with Vietnam. Along with China, North Korea is believed to be one of Cambodia's weapons suppliers.

Hanoi Broadcast

A Hanoi radio broadcast monitored in Hong Kong today said that "thousands of Vietnamese nationalists" have been killed during the last few months in attacks by Cambodians in the disputed areas.

The Hanoi radio commented following Cambodia's rejection of a Vietnamese offer to negotiate about the fighting, which has continued since the end of the Indochina war, following the withdrawal of U.S. forces in April, 1975.

The broadcast, giving Hanoi's view of the border dispute, contradicted statements made by Cambodia on Saturday. When the Phnom Penh government broke relations with Hanoi that day, it said that Vietnam was waging an "unprovoked and premeditated war" and had been

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President Carter chats with King Khaled in Riyadh.

Target of Terror

Turin, Formerly Dull, Now a City of Fear

By Ina Lee Selden

TURIN, Jan. 3 (NYT).—"Welcome to the eye of the cyclone," the Turinese say to visitors these days.

One evening recently an explosive apparently planted by terrorists caused \$2.5 million in damage to a Fiat warehouse. It was one of four such attacks on property of Italy's biggest automaker this year.

A few days later, a group of "ultras" who were not defined as rightist or leftist, attacked crowds waiting to enter the stadium for a soccer game.

Five persons were injured, including a member of a television crew. The Association of Cameramen and the state Radio and Television Editors' Association protested and refused to televise the game.

"It's been a normal week, unfortunately," a police official said, adding that the damage at Fiat had been heavier than usual.

Turin was once a staid, middle-class city. It became the cradle of Italian Communism, then the heart of the student disturbances in the late 1960s, the proving ground for the unions after labor troubles in 1969 and the home of leftist movements in the 1970s. Now it is the target of both leftist and rightist terrorist groups apparently because it represents the stronghold of Italian capitalism.

Fiat, which has the largest concentration of workers in Italy and which brought almost 600,000 workers from the south to work in its factories when the company expanded in the 1950s, is denounced by radicals as the biggest exploiter of the working class.

La Stampa, the Turin newspaper owned by the Agnelli family that owns Fiat, is considered by the terrorists to be the mirror of that capitalism. The newspaper's building has been bombed, its journalists threatened and its deputy editor, Carlo Casalegno, shot to death.

Attacks on Communists

The Communists have also been the target of attacks. Since the Communists have moved closer to the national government in Rome, they too are considered "lackeys of the capitalistic state."

By sabotage, bombings, kidnappings and shootings, the terrorists hope to undermine Italian society. And conversations here show that the city is beginning to feel the effects. Middle-level business executives are insecure about their safety and insecurity marks negotiations with the unions and the future of the city.

"Every time I fumble for my key outside my door, it occurs to me that I'm a perfect target," said an official in a conversation among middle-level managers.

"I'm reminded every morning of the terrorists," said another, adding that one of the groups "has its headquarters across the street from my home."

Since terrorist attacks began in the early 1970s, many middle-level management people have been targets. Their cars have been smashed, their families have received threatening telephone calls and some have been shot in the legs.

"The idea is to undermine confidence, create tension," said a man who had been shot. "The (Continued on Page 2, Col. 5)

Blasts, Shooting Reported in Italy

ROME, Jan. 3 (UPI).—Bombs went off outside a suburban Communist party office and outside two bars in different parts of Rome late yesterday in a continuing wave of political violence. There were no injuries and damage was slight.

In another incident, theatrical impresario Giuseppe Pugliesi, a rightist who spent some time in jail during the investigation of the 1976 assassination of a Rome judge, reported being fired at in an ambush outside his home. Extremists tried to set fire early yesterday to a Communist party office in the northern city of Udine and Christian Democratic offices in Bologna and Bergamo. No serious damage was reported.

On Palestinian Issue

U.S. Voices Optimism As Carter Sees Saudis

By Edward Walsh

RIYADH, Jan. 3 (WP).—President Carter returned to the Middle East today to sound out the Saudi government before his meeting tomorrow with Egyptian President Anwar Sadat.

The President went immediately from the airport here to a meeting with King Khaled, and later tonight met with Crown Prince Fahd.

En route from New Delhi, a senior administration official cautioned against expecting major developments from the talks here and predicted that Prince Fahd would press the Saudi position of favoring "self-determination" for the Palestinians along the West Bank of the Jordan River and in the Gaza Strip.

But the official, in a surprisingly optimistic comment, said of the Saudis, "it would appear they may be in the process of moving to our approach on the Palestinian issue."

Unclear Basis

The basis for that optimism—which was greeted with skepticism by some observers here—remained unclear as Mr. Carter met with the Saudi officials tonight.

The U.S. official also said aboard Air Force One that Mr. Carter, when he meets with Mr. Sadat, will seek the answers to three questions.

The official said the questions are: what does Mr. Sadat expect from the political and military talks between Israel and Egypt scheduled to begin in Jerusalem and Cairo in the middle of this month, what kind of positions will Mr. Sadat put forward when full peace negotiations begin with Israel, and what are Mr. Sadat's specific objections to Israeli Prime Minister Menachem Begin's proposals on a limited form of self-rule for the Palestinians on the West Bank and in Gaza?

The President, the official said, will "say specifically: How do you evaluate these things, how

far are you prepared to go, what are your objections?"

The future of the Palestinians is the most crucial and difficult issue in the Middle East, peace process, which Mr. Carter is seeking to broaden and accelerate through his meetings with Arab leaders.

Saudi Arabia, Egypt and the other Arab states have been demanding the creation of an independent Palestinian state on the West Bank and in Gaza. Mr. Begin, in his Christmas Day meeting with Mr. Sadat, proposed something different—self-rule for the Palestinians that would be limited by a continued Israeli

military presence in the two areas and the continued existence of Jewish settlements in the areas.

It was in this context that the President returned to the Middle East today, his second swing through the region in less than a week during his trip to seven nations.

Mr. Carter's meeting with Mr. Sadat tomorrow was arranged belatedly and was not announced until last Saturday, while the U.S. party was in Tehran. The visit is clearly designed to reassure Mr. Sadat of U.S. intentions, particularly since Mr. Carter, in (Continued on Page 2, Col. 3)

In Meeting With Carter

Sadat Is Seen Taking A 'Flexible Approach'

By Henry Tanner

CAIRO, Jan. 3 (NYT).—President Sadat will take a "moderate and flexible approach" to the problem of a Palestinian state when he meets with President Carter in Aswan tomorrow, informed Egyptian sources today said.

The Egyptian position, the sources said, is inflexible only on the basic principle that the Palestinians on the West Bank of the Jordan River and in the Gaza Strip must be given a chance to determine the future status of their territory, including independence or federation with Jordan. But they emphasized that once this principle is accepted, along with the principle of ultimate Israeli withdrawal, the various ways of practical implementation are wide open for negotiation.

President Sadat, in a number of public statements in the last few days, has stated that he will not be pushing for an independent

state but would like to see a new Palestinian entity closely tied to Jordan.

This is also the position of Jordan's King Hussein and other moderate and conservative Arab regimes.

Egypt is understood to be willing, for this reason, to accept a transition of several years leading to self-determination.

Hope to Lessen Tensions

The hope is that during this period the tensions in the area would subside as Israel domination would be phased out, that moderate local Palestinian leaders would get stronger, and that the more radical elements of the Palestine Liberation Organization living in exile in Lebanon and other Arab countries would lose their present hold over the West Bank population.

Neither President Sadat nor King Hussein can be expected at present to challenge publicly the 1974 summit of Arab heads of state in Rabat, which made the PLO the "sole representative of the Palestinian people."

But sources close to both regimes have expressed the view privately that the PLO is losing ground. Their contention is that the announcement of a "fair deal" for the West Bank Palestinians, including self-determination and phased Israeli withdrawal, would break the organization's hold on the population there altogether.

Future of PLO

Arab analysts subscribing to this view hold that the PLO in its present form would not survive an agreement between Israel and the Arabs on an equitable overall peace settlement that would give the Palestinians a "homeland," even if it were tied to Jordan.

An entirely new Palestinian leadership combining West Bank inhabitants and some of the more moderate figures in the (Continued on Page 2, Col. 5)

Carter Plans Omit Paris City Hall; Chirac Threatens to Boycott Visit

PARIS, Jan. 3 (Reuters).—President Carter's visit to France in the midst of an election campaign provoked a political row today because there are no plans for him to meet Jacques Chirac, mayor of Paris and leader of the Gaullist party.

The mayor's office said Mr. Chirac had expressed astonishment at an appointment to call on Mr. Carter Friday, shortly before the President leaves for Brussels, party officials said.

The U.S. Embassy said today that Mr. Carter's only public appearance in Paris will be tomorrow at about 4 p.m., shortly after his arrival, when he and President Valéry Giscard d'Estaing lay a wreath at the Tomb of the Unknown Soldier, at the Arc de Triomphe. They then will go in a motorcade down the Avenue des Champs-Élysées to the Élysée Palace for the first of their meetings during Mr. Carter's three-day visit.

EEC Sees Threat to West

Soviet Merchant Fleet Is Growing

By Jonathan Kandell

ROTTERDAM, Jan. 3 (NYT).—Johnnie Jackson, who owns a small drygoods store across from Waalhaven, one of the older harbors in Rotterdam's huge port, puts it succinctly: "There are an awful lot of Russians around here nowadays."

The number of Russians and Eastern European merchant marine sailors frequenting his shop has tripled during the last few years. Most of the containers on the docks across the street carry the mark of Transworld Marine, a shipping agency largely controlled by the Russians. Ships from the Soviet Union and Eastern Europe are the largest contingent in Waalhaven, and are also prominent at other docks throughout Europe's largest port.

The rapid expansion of Russian merchant shipping, not only in Europe but also throughout the world, has emerged as a serious problem facing the merchant fleets of the West.

"It is in fact the independence of the foreign trade of countries with free market economies and the survival of Western fleets which are at stake, and it would be dangerous for the future if the full implications of this problem were neglected," the European Economic Community said in a report earlier this year.

The concern is focused on the increase in Soviet, and to a lesser

extent Polish and East German, cargo ships. The transportation of oil and other bulk commodities—such as ore and grain—is still heavily concentrated among Western and Japanese carriers.

Today, the Soviet Union has the sixth largest merchant fleet in the world, and the largest number of general cargo vessels. About 20 per cent of all new container freight ships are being built for the Russians and Eastern Europeans.

What has Western shippers up in arms is the systematic, large-scale undercutting of prices practiced by the growing Soviet bloc general cargo fleets as they attempt to capture a bigger share of trade routes.

At the beginning of this decade,

the Russians had a negligible portion of "third country" trade—that is, commerce between nations other than the Soviet Union. Yet today, the Russians and Eastern Europeans carry more than one-third of general cargoes between Northern Europe and the Mediterranean, one-fourth of the traffic between the west coast of South America and Northern Europe, one-fifth of general cargo between Gulf of Mexico ports and the Mediterranean, and a bit more than a 10th of the trade between Japan and the West Coast of the United States.

Bilateral Dominance

The Russians have also achieved a position of absolute dominance in bilateral trade with Western European countries. Soviet ships carry more than two-thirds of the cargo between the Soviet Union and Britain, 95 per cent of the cargo between Russia and the Netherlands, and three-fourths of bilateral trade with West Germany—arousing protests from all three nations.

According to the European Economic Community and Western European shippers, this growth has taken place because of heavy price-cutting by the Russians, with rates ranging from 18 to 40 per cent less than those charged on the same routes by Western companies.

"This systematic large-scale (Continued on Page 2, Col. 4)

Village Attack Described

Rhodesian Operations: 27 Guerrillas Killed

SALISBURY, Rhodesia, Jan. 3 (AP).—In a rare first-hand account of action in the Rhodesian guerrilla war, a local journalist has reported witnessing three days of clashes in which 27 insurgents, one a young woman, were slain.

Guerrillas who surrendered or were captured were stripped naked before being flown by helicopter to a nearby police post for interrogation, Chris Reynolds, defense correspondent for Rhodesia's largest newspaper, the Rhodesia Herald, wrote today.

In one of three attacks, Mr. Reynolds said a guerrilla "placed a blanket around his shoulders and surrounded himself with small children pretending to be a village woman." A Rhodesian soldier 100 yards away shot and killed him as the children scattered.

Mad Hat Village

Mr. Reynolds made no mention of any civilian casualties in the attacks—apparently against a mud hut village where the guerrillas were hiding.

Helicopters with commandos and DC-3 troop carriers with paratroopers were used in the attack on the unidentified village in eastern Rhodesia, about 100 miles from the main base for guerrilla operations.

The troops, alerted by police spotters watching the village, attacked last week.

With Mr. Reynolds was television cameraman Bill Mutchnick, from Albuquerque, N.M.

Heavy Winds Buffet U.K. And Germany

LONDON, Jan. 3 (AP).—Hurricane-force winds and whirling rain swept across Britain today, killing at least one person, whirling roofs off houses and overturning cars.

A man was killed when a 60-foot tree crashed on his car as he was driving in Birdwell, Yorkshire. Humberside police called it "a million-to-one chance."

The worst damage was at Newmarket, the horse-racing town in eastern England, where a whirlwind struck.

More than 100 houses were badly damaged, chimneys plunged through the roof of the Coronation Hotel, cars were tossed in the air and overturned, and a railroad signal box was flattened. "About half a dozen houses near me had their roofs completely blown off," said Michelle Stiggle, a hotel receptionist in Newmarket.

'Can Hardly Walk'

"The wind was strong all night. Then, this morning, there were claps of thunder, lightning and a hailstorm. Then the wind hit. It was terrible. The wind is still so strong in the town that you can hardly walk."

A strike of Britain's full-time firemen complicated the cleanup operation. Soldiers, part-time firefighters and police were filling in for the 33,000 strikers.

Torrential rain, hail and, in some parts of the country, thunderstorms accompanied heavy snow made road travel hazardous from Scotland to southern England.

In Cumbria, the northern country of lakes and mountains, police described conditions as "wet, windy and wild."

Seas off Britain's coasts were very rough, the coast guard said. (Continued on Page 2, Col. 1)

Snowstorm in Japan

TOKYO, Jan. 3 (UPI).—A storm blanketed the Tokyo-Yokohama area with 8.26 inches of snow early today, temporarily disrupting service at Tokyo International Airport, which was closed from daybreak until about 11 a.m.



Chilean ex-President Eduardo Frei reads his statement opposing the Chile referendum.

Junta Chief Optimistic on Backing

Chileans to Vote on Pinochet Today

By Juan de Onis

"In the face of the international aggression unleashed against the government of the homeland, I support President Pinochet in his defense of the dignity of Chile, and reaffirm the legitimacy of the government of the republic to conduct, in a sovereign way, the institutionalization of the country."

SANTIAGO, Jan. 3 (NYT).—This country's 4.5 million voters will be required tomorrow to answer "yes" or "no" to that leading proposition. In a maneuver that has severely strained Santiago's four-man military junta, President Augusto Pinochet ordered the vote in an effort to refute charges by the United Nations—and others—that human rights are violated in Chile.

Aimed at provoking a nationalistic reaction, the vote ostensibly affords Chileans their first opportunity to express their view of the military rulers who overthrew Salvador Allende's

Marxist government in 1973. The vote is also a measure of Gen. Pinochet's belief that a majority of Chileans support his policies, and it is seen by many as a sign of his desire to personalize his rule—at the expense of his junta partners.

Two members of the junta, air force commander Gen. Gustavo Leigh and navy chief Adm. Jose Merino, have told President Pinochet that they oppose the referendum because they believe its results will provoke skepticism both here and abroad, Reuters reported.

[The Roman Catholic Church hierarchy has urged the President to cancel or postpone the referendum because the government's opponents have not been allowed to campaign.]

Former President Eduardo Frei yesterday rejected the "form and substance" of the plebiscite, and young members of Mr. Frei's outlawed Christian Democratic party staged demonstrations calling for political liberty in Chile.

Uniformed national police

maintained order with studied neutrality when a group of young government activists shouting "Pinochet, Pinochet" confronted a larger crowd of Christian Democratic students and women chanting "Chile was and will be a country in liberty."

But plainclothes security agents arrested five Christian Democrats when the demonstrators scattered leaflets calling for a "no" vote tomorrow. The five were released after three hours at a police station.

[Today, the Associated Press reported youths supporting and opposing Gen. Pinochet's rule clashed again.]

[Groups shouting "si" or "no" in reference to tomorrow's vote marched through the streets and came against each other in front of the Roman Catholic cathedral. Members of the carabinieri, Chile's national police, moved in beside the "si" group and quickly broke up the encounter. Witnesses said that they had seen no arrests, but one demonstrator (Continued on Page 2, Col. 1)

Backing by Chileans for His Junta

Pinochet Expects Plebiscite Victory Today

(Continued from Page 1)
was reported wounded in the head, hit by a policeman.
Mr. Frei, who was president from 1964 to 1970 at the head of a Christian Democratic government, said in a news conference yesterday that the proposition being submitted to the voters was a trap because a "yes" vote would be not only an expression of backing for Gen. Pinochet against a UN resolution but also "support for the way the political process is being conducted, an approval of the state of siege and economic policy and the suppression of judicial guarantees and of civil and union rights."

(Speaking out against Gen. Pinochet after four years of silence, Mr. Frei, who was succeeded by President Allende after free elections, urged Chileans to vote "no" tomorrow, the AP reported. He said, in denouncing the referendum: "We are all Chileans and no one has the right to deny to anyone his patriotism and love for Chile. It is not possible to confuse the homeland with a government, and much less with a person. To overwhelm the

country with propaganda of this nature is to exert a moral and political pressure that corrupts and destroys the bases of national unity."

(Voting will be obligatory tomorrow for all Chileans over the age of 18, Reuters said.)

(The AP reported that the air force and navy would join the army and the national police in supervising the plebiscite, despite the reported split among the ruling military leaders.)

While some Latin American military regimes have wavered to restore some degree of elected government, Gen. Pinochet's junta has remained rigidly authoritarian. Last month, for example, during the first serious strike in four years of military rule—a walkout at the El Teniente copper mine—the government confined several labor leaders to remote mountain villages.

More recently, three Chilean women—relatives of persons who have disappeared after allegedly being arrested by the political police—were refused entry to Santiago airport. They were on their way home after making a tour of Europe and the United States to publicize their demands for a public accounting of the whereabouts of at least 500 missing persons.

Gen. Pinochet, 66, is convinced that such international campaigns are part of plots to overthrow him. After some hesitant liberalizing moves early last year, the President has tightened his grip on internal dissent.

Past Wavering

The junta has, however, wavered under international pressure over the human-rights situation in the past. Shortly after President Carter's election in November, 1976, the regime released more than 1,000 political prisoners from detention camps. Part of the rationale for that move seemed to be fear of further reductions in U.S. economic aid and a suspension of arms sales by the United States. But Washington now has such sanctions against Chile and other authoritarian Latin nations—Uruguay, Argentina and Brazil—and, in the view of a diplomat, "the United States has lost its leverage."

During his recent Latin American tour, for example, Secretary of State Cyrus Vance found Argentine authorities "eager to improve their country's image" but unwilling to produce any prisoner lists. In Chile, where officials at the U.S. Embassy had talked until recently of a pos-

sible suspension of the junta's state-of-siege rule, hope for any such move has evaporated. Gen. Pinochet retains his extraordinary powers to arrest or deport dissidents, such as the protesting relatives of missing persons.

Many opponents of the Chilean regime believe that Mr. Carter undermined his campaign for human rights by inviting Gen. Pinochet to Washington to join other Latin American leaders for the ceremonial signing of the new Panama Canal treaties.

A Christian Democratic politician said: "After that handshake at the White House was given wide publicity here, the military were convinced that Pinochet had no problem with Carter."

Gen. Pinochet has other reasons for feeling confident. His austere economic program, adopted to halt the corrosive inflation inherited from the Allende regime, has built up reserves of \$700 million, boosted exports to record levels and slowed price increases. Foreign banks are now happy to lend to Chile, and imports ranging from whiskey and French dresses to tractors and machine tools are available at reduced prices—for the relatively few Chileans who can afford them.

Workers, Upper Classes
Disaffected workers, most of whose incomes are under \$100 a month, are held in check by repression. Chile's middle and upper classes are somewhat dissatisfied by the abundance of imported goods and, at the same time, fearful of an aggressive labor movement. They seem to provide Gen. Pinochet's main constituency—although only truly free elections could tell how large that constituency is.

Tomorrow's vote is in no way a free election. Besides taking place under martial law, the vote follows the essentially one-sided campaign. Chilean newspapers have been filled with advertisements advocating a "yes" vote, side that often preyed on the average citizen's fear of social turmoil. Women were warned, for example, to vote with the security of their families in mind. Since political parties remain illegal, there was no equal time for any opposition. Small groups of Christians, Democrats, who handed out leaflets urging a "no" vote were immediately arrested. On the ballot itself, "yes" appears under the Chilean flag, while "no" is surrounded by a black rectangle reminiscent of a pirate Jolly Roger. Nevertheless, if the vote is fairly cast and counted, there is a possibility that an economic protest could surface.

Unemployment, at 12 per cent, affects more than 400,000 workers, and fear of losing one's job has been a major deterrent to protest in the past. Gen. Pinochet's opponents believe that similar fears will weigh heavily in tomorrow's vote, since many workers do not believe that the nationalizing will remain secret and are therefore worried about being penalized if they voted "no."



Police disperse demonstrators in Santiago after scuffling broke out between supporters and opponents of President Augusto Pinochet were sparked by upcoming vote.

Bombs Blast Turkish Offices in 2 Countries

LONDON, Jan. 3 (UPI).—Bombs in London and Brussels yesterday damaged buildings housing Turkish banking services and an Armenian underground group claimed responsibility for both attacks.

In the first incident, a bomb exploded outside the Turkish Bank in suburban Ealing, the blast blew in the bank's windows. Troops, standing in for striking firefighters, put out a small fire. No one was hurt.

An anonymous caller told a news agency the "New Armenian Resistance" was responsible for the blast.

The police said they were investigating but had no evidence to link the incident with a car bomb explosion on New Year's Eve which killed two Syrian Embassy officials.

The manager of the Turkish Bank, Mahmut Nuri, said he had "no idea why we should have become a terrorist target. There

have been no threats, nor have we had any trouble of any kind." Mr. Nuri said most of the bank's clients were Turkish Cypriots as its headquarters was in Cyprus but "we also have many Turkish customers."

A spokesman for the Armenian church in Britain said he did not know of any organization called the New Armenian Resistance.

In Brussels, a bomb blasted the entrance to an apartment block housing the financial service of the Turkish Embassy.

"The explosion caused only material damage and there were no injuries," a police spokesman said.

Again a caller from the New Armenian Resistance told a French news agency that it was responsible for the blast.

Once Stodgy City of Turin
Now Target of Terrorists

(Continued from Page 1)
middle-level people are considered by these groups as the real criminals, the ones who carry out the orders of the big bosses."

The managers are also worried about the government of the city. Turin has had a Communist mayor since 1976. The not only convinced the Communists will pro-

vide solutions to anything, not even getting us snowed," said a manager.

The mayor is Diego Novelli, a former journalist for l'Unita, the official publication of the Italian Communist party. Mr. Novelli was elected in 1976 in an upset Communist victory in 1976. Since then, he has tried to institute the kind of urban renewal that characterizes Communist administrations in other cities—turning former convents into schools, restoring the city's historic center, finding temporary housing for those who will be displaced.

He faced enormous debts inherited from previous administrations, a population that had more than doubled in just a few years, limited credit and the flight of the better-off Turinese from the city's center to the nearby hills.

Citizens Indifferent
But Mr. Novelli said he was most upset by the indifference to terrorism and lack of community spirit he found among citizens.

"People see only their own family, not others," he said. "We're trying to get people to have a dialogue, to live together. We refuse to accept the irreversibility of this trend."

At the headquarters of the metalworkers union, the conversation was bitter. A group of shop stewards talked about the sacrifices they felt they had made through higher taxes.

"The government has never carried out the promises we were taxed for," said Ettore Cavella, a Socialist who works in Fiat's body shop. "We have to get our own hands on the levers of power to change things."

Corrado Ferro, provincial secretary of the Union of Italian Workers, had similar worries. "The June elections created hopes for change," he said, referring to heavy vote gains by the Communists. "The workers feel disillusioned; no basic choices have been made."

Israeli Prices Up
JERUSALEM, Jan. 3 (Reuters).—Prices in Israel rose by 41 per cent last year while the gross national product increased by 1 per cent, according to preliminary figures issued by the Central Bureau of Statistics.

There are several reasons why President Sadat has chosen to emphasize Egyptian flexibility on the Palestinian issue in his meeting with President Carter.

As Western diplomats here see it, the Egyptians are anxious to break the deadlock on basic issues that developed between them and the Israeli negotiators at Amman.

The only way to do so, in the Egyptian view, is to shift the negotiations away from the unsatisfactory specifics of Prime Minister Menachem Begin's plan and to start talking about underlying "principles," the nature of peace, security arrangements, withdrawal and the Palestine question.

The Egyptian contention is that once the principles are enumerated, the specifics can be solved to the satisfaction of both the Arabs and Israel.

Mr. Sadat clearly wants to sell this approach to Mr. Carter. In addition, Mr. Sadat will seek to enlist Mr. Carter's help in convincing the Israelis that by focusing the negotiations on principles instead of details the stalled momentum of the peace offensive can be restored.

By U.S. Officials

Compromise Prospect
Seen on Palestinians

By Bernard Gwertzman

WASHINGTON, Jan. 3 (NYT).—U.S. officials have detected the outline of a possible compromise between Israel and Egypt over the Palestinian question despite the well-publicized differences between Prime Minister Menachem Begin and President Sadat.

Officials said that the essence of the projected arrangement is in permitting Mr. Begin to alter somewhat his elaborate plan for granting Palestinians on the West Bank and Gaza Strip self-rule so as to incorporate the possibility of allowing the Palestinians ultimate self-determination as demanded by Mr. Sadat and other Arab leaders.

The problem is delicate, officials said, because implicit in permitting "self-determination" is the possibility that Palestinians must choose an independent state, dominated by radicals from the Palestine Liberation Organization.

The Right Formula

But since neither Israel, Egypt nor the United States wants such a PLO-dominated independent state to exist, U.S. officials said there is broad support for finding the right formula to handle the situation.

Conversations with Egyptian, Israeli and Jordanian leaders by U.S. officials have produced cautious optimism here that the scheduled meeting in Jerusalem Jan. 15 involving Egyptian and Israeli foreign ministers, with Secretary of State Cyrus Vance will be productive.

The goal of the Jerusalem meeting is not to negotiate a detailed solution but rather to come up with a set of principles to guide further negotiations—perhaps at Geneva—in which Jordan would participate.

It is anticipated that if all goes well the Jerusalem meeting would set forth Israel's willingness to negotiate withdrawals from land seized from Egypt and Syria and principles to govern a solution of the Palestinian problem.

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Heavy Winds
Buffet U.K.

(Continued from Page 1)
with force-12 hurricane winds blowing up a heavy swell. Ships sheltered wherever they could find a safe haven.

West Germany Pounded

FRANKFURT, Jan. 3 (AP).—A winter storm swept over West Germany today with winds gusting at hurricane strength and carrying heavy snow that blocked roads in some parts of the country.

The federal weather office said the storm, which earlier had swept over Britain and Belgium in six hours, gusted at more than 80 miles an hour over southwestern regions of the country and was accompanied by thunder and lightning.

Another storm gusted at up to 80 mph over northern West Germany, bringing extra-high tides along the coast. Hurricane winds are at 74 mph or higher.

Up to 12 inches of snow fell in the Harz Mountains along the northern border with East Germany, reducing visibility to near-zero and trapping many cars in deep drifts. Several roads in the area had to be closed.

Operations in Rhodesian War:
Swift Death for Guerrillas

(Continued from Page 1)
makes the terrorists the world's most unprofessional army. If the Americans who fought in Vietnam had seen the same thing... they would never have believed it."

Meanwhile, the guerrillas made a pre-dawn attack today on a popular tourist hotel in the Vumba Mountains of eastern Rhodesia, according to reliable reports reaching here.

First reports said parts of the Leopard Rock Hotel, a rustic, chateau-style building, were badly damaged.

Guests at the hotel, which was not fully booked, said about 14 shells exploded in and around the building. Seven were direct hits, but no one was hurt, they said.

It was the fourth time a tourist hotel has been attacked in the last three months.

15 Civilians Said Slain

MAPUTO, Mozambique, Jan. 3 (Reuters).—The Patriotic Front today accused the Rhodesian Army of killing 15 unarmed civilians on Christmas Day.

A statement broadcast here by the Mozambique-based front said

that Rhodesian troops had carried out the killings near the southern border of Mozambique.

It said five of the civilians were accused of being guerrillas and were shot by the troops in front of the inhabitants of their village. The report gave no further details.

On Christmas Day a community from security forces headquarters in Salisbury said 15 guerrillas had been killed by Rhodesian troops.

It also mentioned two incidents in each of which five African civilians were alleged to have been killed by guerrillas.

Cambodians
Claim Gains

(Continued from Page 1)
using foreign military advisers and commanders—presumably Russians—in large-scale actions during the last four months.

After Vietnam called for negotiations to settle the conflict, Cambodia rejected the offer, saying that no new talks could be held until all Vietnamese troops were withdrawn from Cambodian territory.

Phnom Penh claimed that Hanoi's troops were still occupying Cambodian territory used as a sanctuary during the Vietnam war by Communist forces from Vietnam.

The Hanoi radio broadcast today charged that Cambodia had "used several divisions supported by artillery units to carry out countless attacks against almost every area along the Vietnamese border."

The broadcast said that "thousands of Vietnamese nationals were killed or wounded" during the Cambodians' attacks.

Chinese Role Reported

NEW YORK, Jan. 3 (UPI).—The American Broadcasting Co. reported today that the Chinese have a large force of military advisers helping the Cambodians in their fighting with Vietnam.

ABC News correspondent Russell Spurr quoted Vietnamese officials as saying that they had captured some of the Chinese and that some Cambodian anti-aircraft guns are operated by Chinese.

Mr. Spurr, based in Hong Kong, said the Vietnamese officials admitted that in recent weeks several of their MIG fighter planes had been shot down along the Cambodian border.

This morning, after a 23-minute drive to the southwest from New Delhi, the President, his wife, Rosalynn, and their entourage, arrived at the poor village. Officialdom was the first to greet them. The President and Mrs. Carter were given garlands and leis of marigolds, and on their foreheads they received a tilak, a red mark said to convey the blessings of God on their lives.

Carter Arrives in Riyadh,
Confers With Khaled, Fahd

(Continued from Page 1)
a television interview last week, made comments that Mr. Sadat interpreted as support for the Israeli plan.

Throughout this trip, U.S. officials have sought to counteract that impression, saying the United States has not endorsed the Begin peace plan and considers it only "a good starting point" for further negotiations.

Saudi Arabia, although not a direct participant in the Middle East peace negotiations, is a major influence in the Arab world and its cooperation could be crucial in reaching a peace settlement.

The Saudis have drawn closer to the United States in recent years and are seeking further military aid while continuing to be the major supplier of imported oil to the United States.

Last month, at a meeting of the Organization of Petroleum Exporting Countries, the Saudis led the way in imposing a six-month freeze on world oil prices.

Today the newspaper Arab News reported, "Saudi Arabia expects to gain political advantage [in the talks here] in return for its moderate stand on oil prices."

The President on arriving in Riyadh, was greeted by an military honour guard and by the unexpected appearance at the airport of his chief political adviser, Hamilton Jordan.

Mr. Jordan had remained in Washington when Mr. Carter began his journey last Thursday and was not expected to join the tour. He arrived here yesterday. "I just wanted to see it," Mr. Jordan said in explanation.

But White House Press Secretary Jody Powell offered a different theory for Mr. Jordan's arrival here. "He probably got tired of farting around in Washington and decided to come over," Mr. Powell said.

Before leaving India earlier today, Mr. Carter visited the village of Carter-Poore, literally "Carter Place," which was renamed in honor of the U.S. President.

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The police said the fire was probably caused by lost sticks, candles, or paper symbols, which the worshippers were burning as part of their ceremony.

The temple was on the top of a three-story converted apartment building.

Soviet Merchant Fleet Grows,
EEC Sees Threat to West

(Continued from Page 1)
underwriting is putting in jeopardy the continued existence of the regular services run by Western shipping lines and is making the operation of liner companies serving these routes at all events a precarious business," the Common Market report said.

"This is a very well-planned strategy by the Russians, and it has been going on for years," said Jacobs Groenendijk, president of the Nedlloyd Ground, the largest Dutch merchant

shipping line, which has lost out heavily to the Russians on the Northern Europe-East Africa route. "In 5 to 10 years we in the West will be strategically dependent on the Russians for general cargo shipping services," he said.

Russian "Efficiency"
The Russians contend they are able to charge lower rates because they are more efficient, which no Western shipper takes seriously.

Russian sailors earn only about \$120 a month—about a fifth of wages paid to Western seamen. The state also pays the cost of insurance and depreciation. And no Russian shipping line faces bankruptcy, no matter what losses it incurs.

The condemnation of the Russians is by no means unanimous. Shippers concede that underwriting by Soviet bloc shipping lines has tended to keep cargo rates down throughout the world. And some observers, taking a more historical perspective, point out that Western shipping lines have also been guilty of swashbuckling practices in the past.

"Those dastardly Russians are underwriting competitors in the old Western imperialist tradition," a Western diplomat stationed in The Hague noted wryly.

The Soviet Union knows how to exploit the fact that Western shipping consists of hundreds of individual companies competing with each other and facing one huge, centralized state organization," the Common Market report said.

"As long as Western shipowners are not able to agree on a common policy towards the Soviet Union, they will have to give some ground in the face of each new Soviet initiative."

A White House correspondent asked Mr. Carter whether it was too late to include the process in the administration's pending national energy legislation.

"We still have some time for amendments," the President replied.

Delhi Declaration
NEW DELHI, Jan. 3 (UPI).—President Carter and Mr. Desai today agreed that nuclear proliferation must be halted.

But in signing the so-called "Delhi declaration," they left unstated their disagreement on the nuclear issue that surfaced in private meetings yesterday.

"Existing stockpiles of nuclear weapons must be reduced and eventually eliminated, and the danger of proliferation of nuclear weapons must be arrested," the declaration stated.

Manila Blaze Kills 11
During Chinese Rite
MANILA, Jan. 3 (Reuters).—Fire swept through a Chinese temple here today, killing 11 people as they celebrated the feast of an ancient god.

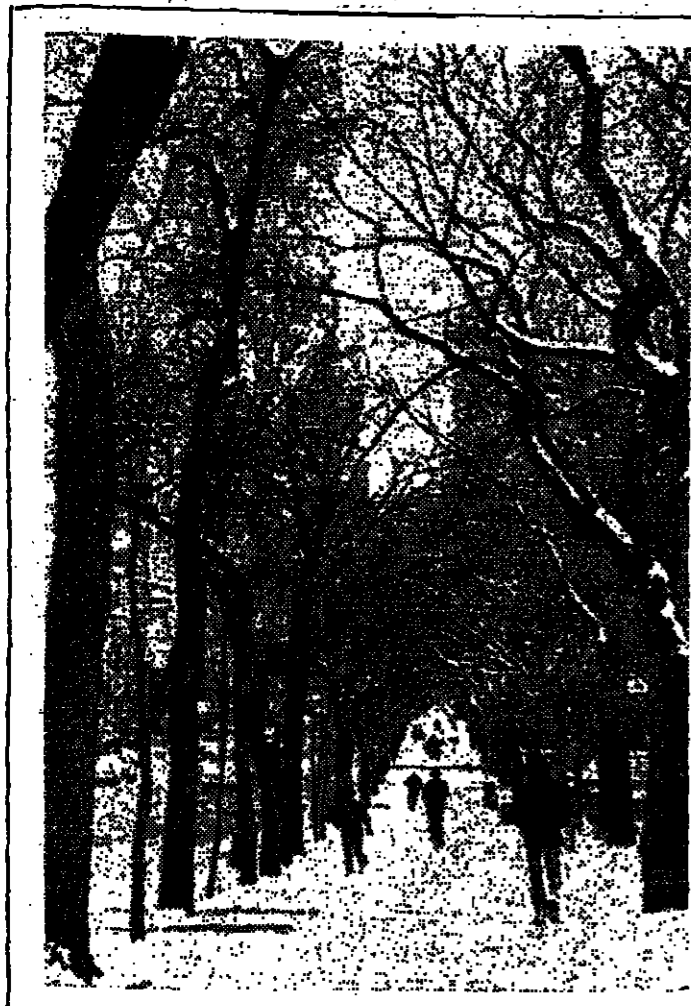
The police said the fire was probably caused by lost sticks, candles, or paper symbols, which the worshippers were burning as part of their ceremony.

The temple was on the top of a three-story converted apartment building.

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Frosting
A two-inch snowfall carpets the sidewalk next to Central Park in New York City, which has had less than its usual share of snow this fall and winter.

Associated Press.

In Latin America

U.S. Embassies Acting as Rights Watchdogs

By Karen Deyoung

BUENOS AIRES (WP).—Each weekday morning, a long line of Argentines develops outside the U.S. Embassy here, interspersed among visa-seekers and businessmen are half a dozen mothers, fathers or spouses waiting to tell the United States about jailed or missing family members.

N.Y.C. to Abolish A Curb on Hiring Of Homosexuals

NEW YORK, Jan. 3 (AP).—Mayor Edward Koch says one of his first executive orders will be to ban discrimination against homosexuals in all city agencies, including the police and fire departments.

The announcement, made yesterday during Mr. Koch's second day in office, appeared certain to draw strong reaction from police and fire unions, which have long objected to having known homosexuals in their ranks.

"There will be no discrimination permitted over any area in which the government has control on the basis of sex, sexual orientation, race, religion, national origin," the mayor said at an impromptu news conference in the City Hall press room. "That includes police and firemen."

Elaborating on his proposed edict, which would supersede one in existence, Mr. Koch said, "I'm told the existing order is not as broad as it should be—and it will be."

Mr. Koch directed his newly sworn counsel, Philip Trimble, to draw up the order quickly. The City Council has repeatedly declined to pass a bill to ban discrimination against homosexuals in all employment. Mr. Koch's order would affect only those city agencies under his control.

An Italian Wins \$1.4 Million in Soccer Contest

MILAN, Jan. 3 (AP).—Someone struck gold with a pen in Italy yesterday, winning a record 1.38 billion lire (\$1.4 million) by guessing all 13 results in the national soccer contest, known as totocalcio.

The anonymous player filled in eight slips in a Milan bar last week and was the only person to guess all the results of the Saturday soccer matches in the contest.

Generally the slips are unsigned and the winners remain nameless, cashing the money through a bank. The second highest prize in totocalcio, 869 million lire, was recorded in 1975 in a small central Italian town and the winner remained anonymous.

E. Germany Bars Spiegel Reporter

BERLIN, Jan. 3 (AP).—East Germany rebuffed today against the West German magazine Der Spiegel's publication of a claimed dissident "manifesto" by withholding accreditation from the magazine's new East Berlin correspondent.

The move, announced by East Germany's ADN state news agency, immediately drew a sharp rebuke from the West German government in Bonn.

Environmentalists Give Carter's Conduct a Mixed Review

By Philip Shabecoff

WASHINGTON, Jan. 3 (NYT).—As far as his environmental ideas and philosophy go, Jimmy Carter is probably the best President this country ever had," said Brock Evans, an official of the Sierra Club. "But in terms of executing those ideas, his performance has not been outstanding."

Environmental leaders interviewed last week gave the Carter administration similar mixed reviews for its performance in its first year in office.

They agreed that the President's commitment to improving and safeguarding the environment is all that they could have wished for and that his appointments to key environmental posts have generally been outstanding. But they also noted that the results so far have not lived up to the promise.

"I give the President an A for attitude," said Thomas Kimball, executive vice-president of the National Wildlife Federation. "He still has the conservation ethic, but he gets an E for failure to get it together. I guess an A and an E average out to a C grade on environmental issues."

The environmentalists criticized most harshly what they called the President's failure to push through an ecologically oriented energy program.

Artie Schardt, executive director of the Environmental Defense Fund, said that the administration had been "disappointing on all fronts as far as energy is concerned."

Mr. Schardt expressed particular concern about the emphasis placed on nuclear development by Secretary of Energy James Schlesinger and his department.

He said that Mr. Schlesinger and other officials at the Department of Energy were exceptions to the praiseworthy roster of appointments to key environmental posts.

While environmental leaders generally applauded Mr. Carter's veto of the Clinch River nuclear

reactor, they were uniformly unhappy about what they considered an excessive reliance on nuclear power in his long-range energy plans.

Solar Power

The environmentalists, particularly Dennis Hayes of the Worldwatch Institute, expressed alarm over the heavy emphasis given to coal as a fuel source in the administration's long-range

energy goals. Doubling coal production by 1985 would have "explosive" environmental consequences, Mr. Hayes said.

Future energy plans must rely more on renewable fuel sources such as solar and wind power, he said.

But the environmental community gave credit to Mr. Carter and his administration for a wide range of positive programs, including what they described as corrective action made necessary by eight years of neglect under Presidents Richard Nixon and Gerald Ford.

The passage of a strong strip-mining bill last year was regarded as a major environmental victory for which the President is given a large share of the credit. His veto of the breeder reactor drew wide praise. His stance on the air and water bills was acceptable to the environmentalists. His positions on wilderness areas is regarded as good to excellent. Administration policies affecting the outer continental shelf are regarded as sound.

Energy legislation will again be at the top of the list of major issues this year. Among the key issues coming up are the disposition of public lands in Alaska, nuclear siting and waste disposal, an effort to block more water projects, possible changes in the 1972 mining law, the future of the Redwood National Park in California and the possible reorganization of the federal environmental agencies.

Governor's Policy Is Criticized

Release of Mental Patients Angers N.Y. Towns

By Iver Peterson

RAY SHORE, N.Y., Jan. 3 (NYT).—In good weather, they wander aimlessly back and forth along East Main Street. When it is cold, they huddle in the doorways of empty shops. One lanky old-timer is known as Maroon by shopkeepers because of the radio he keeps glued to his right ear. The radio has not played in years.

The wanderers and huddlers are the former mental patients who have been released into the community by the two giant state mental hospitals in Suffolk County, Long Island, under a state program of "de-institutionalization." They are a source of both pity and anger among the town's residents and politicians.

"The state is dumping patients because [Gov. Hugh] Carey wants to cut his mental-hygiene budget," said Dr. Martin Feldman, the chairman of Suffolk County's legislative health committee. "But the state isn't worrying about what happens to these people, about where they go when they get out, about who will look after them, so they end up on the street. The state is using de-institutionalization as a budget mechanism without any planning or follow-up. It's a total disgrace."

Wildlife Action Denied

John Ingrate, the director of the Suffolk County Psychiatric Hospital, said the situation used to be worse. In recent years, he said, the Department of Mental Hygiene "has made a real effort to stop it."

"To my knowledge there is no willful dumping of patients now," he continued. "Every attempt is made to place the patients properly, but if people fall between the cracks, that's not from any failure on our part."

Former patients do fall through the cracks, everyone agrees, disappearing from treatment programs. Discharged mental patients are protected by state confidentiality laws against having their names passed among the state, county and local treatment programs wishing to keep track of them.

If a disturbed vagrant is picked up by the police, as often happens here, there is no way of knowing where he belongs.

Peter Cohalan, the Islip town supervisor, estimated that there were 3,000 former mental patients in Islip.

"That's 1 per cent of our entire population," said "and it's probably a low estimate."

Nationwide Phenomenon

The release of mental patients into the community is hardly a local phenomenon. Psychiatric hospitals throughout the country are responding to a ruling by the U.S. Supreme Court that psy-

Homicide Toll Lags in Detroit, 'Murder City'

DETROIT, Jan. 3 (AP).

The murder rate is dropping in what has come to be called "murder city," and the police say they cannot explain it.

"Maybe it's just that our prayers are being answered," said Sgt. Neil Schwartz.

According to police records there were 537 homicides in Detroit last year, down from 723 the year before—a 27-per-cent decline and the biggest drop ever recorded.

From 1968 to 1976, murders went up every year, and the average increase was 49.

Detroit's 801 murders in 1974 set a record for the city.

Part of the reason might be a 3-per-cent drop in population over the same period, but some policemen say better police work should share the credit. Several detectives also credited better emergency medical care.

The sight of the confused, ragged wanderers digging in garbage cans and sleeping "in any warm spot they can find," said Barbara Kalk, who runs a boutique here, stirs her pity and her anger.

"The important thing is to have the right homes for these people," she said. "They've been taken from their warm cocoons at the hospitals and just thrown out here in the cold. You couldn't do that to a wild animal and get away with it."

Military 'Meddling' Charged By Europe GI Broadcasters

By Murray Seeger

BONN, Jan. 3.—Reporters for the American Forces Radio and Television Service in Europe have accused U.S. military officials of "meddling" in news operations.

The issue that triggered the dispute between the mainly civilian news staff and the military official is the sensitive question of the newly developed neutron bomb.

Across Europe, U.S. allies in NATO are debating whether to deploy the weapon, which is generally described as capable of "killing people without destroying buildings."

The newsmen at the AFRTS news center in Frankfurt used that thumbnail description of the neutron weapon until three weeks ago when they were ordered to withhold it from the air.

Military officials believed that the brief description of the bomb contributed to the widespread negative public reaction to its possible deployment among NATO forces. While most military experts consider the neutron device safer than the previous generation of nuclear weapons, opponents of the new bomb have seized on the description of its effects to fight against its further development.

"They are trying to sell the neutron bomb to our allies and decided we were not helping," a newsmen commented.

According to AFRTS officials, the broadcasters were at first encouraged to use a more technical description of the neutron weapon—"enhanced radiation device"—but reverted to the simpler "neutron bomb" or "neutron device."

Then the military officials decided that the newsmen should eliminate any description of the new weapon's effects since "they were well known."

As a result, about three weeks ago, David Myron, the AFRTS news director, posted a notice on a Frankfurt studio bulletin board which said: "We have been instructed not to give a description of the neutron bomb as killing people and not destroying buildings."

The effect of the notice, according to newsmen, has been that station editors delete from news copy received from their wire services any descriptions of the bomb's effects. On voice and film reports received from the U.S. broadcast networks, however, the original material is not tampered with.

Station newsmen protested, without success, the edict as "improper interference" and "meddling" in their news operation. They asserted that U.S. Defense Department policy guaranteed "a free flow of information" to the audience, which is primarily military personnel stationed around the world.

Los Angeles Times.

Fighting Erupts In South Lebanon

MARJAYOUN, Lebanon, Jan. 3 (UPI).

—Palestinian guerrillas and rightist Lebanese militiamen exchanged artillery and mortar fire early today in one of the fiercest battles in southern Lebanon in three months.

At one point, Israeli gunners opened up against Palestinian positions as flares were fired into the rainy skies to light up the battlegrounds, sources said.

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Black U.S. Businessman Chases Dream of Oil Empire

By Jerry Knight

WASHINGTON, Jan. 3 (WP).—Charles Wallace has a dream. He dreams of a black business empire based on "black gold"—an oil refinery, a pipeline, a chain of gas stations, a whole new community built on an abandoned air base at Tuskegee, Ala., where black pilots trained in World War II.

The facility would cost \$333 million to build and would produce more than \$500 million worth of petroleum products a year. It would be the largest black business in the United States.

It is the kind of dream, Mr. Wallace admits, that some persons laugh at. "I don't mind that," he said. "I learned a long time ago that you can't laugh and run at the same time. And while they've been laughin', I've been runnin'."

In five years of dreaming and running, Mr. Wallace has obtained commitments for \$8 billion worth of crude oil for a refinery. He has found a place to build it, obtained rights of way for the pipeline, and put bulldozers and earth movers to work.

Special Subsidies

He also has lost a battle with Congress and the Federal Energy Administration for special subsidies that would have aided the project, and has failed so far to obtain government contracts and commitments that are crucial to its success.

"The success or failure of this project depends on the U.S. government," Mr. Wallace said during an interview at his office near the White House.

Government subsidies for the foreign oil that would go into the refinery, government contracts to buy the products that would come out of it, and government help in building and financing it are required.

"I'm not asking for any more than white businesses have been getting for years," he said. "But I'm not taking

I'm not asking for any more than white businesses have been getting for years, but I'm not taking any less.

any less." All oil importers get entitlements or subsidies that bring the cost of their foreign oil down to domestic prices. And, he noted, companies much richer than his get government contracts and government financing for projects that create jobs.

Product of SBA

Acknowledging that the project could not have gotten as far as it has without government help, he declared, "I am a product of the SBA [Small Business Administration]."

Wallace and Wallace Enterprises Inc.—the other Wallace is his wife, Juanita—got its first loan through the SBA in 1972. The loan was for \$150,000 and enabled the Wallaces to expand the small fuel-oil business they launched with a used truck in 1968, while they also ran a laundromat.

By some standards, just owning a truck and a laundromat ought to have been a success for someone with Mr. Wallace's background. Orphaned as a baby, he grew up in Georgia and was working as a sharecropper when he was drafted into the Army.

After the first SBA-guaranteed loan, two more, for \$350,000 in 1973 and \$1 million in 1975, provided the equipment and capital to expand the fuel-oil business. Black Enterprise magazine says Wallace and Wallace did \$15.5 million in business last year, making it the eighth-largest black business in the United States.

Wallace and Wallace's biggest customer

is the U.S. government. Through the SBA's controversial 8A program, the company since 1970 has obtained government contracts for heating oil totaling \$2,902,891, the agency's records show.

The 8A program gives government contracts to minority businesses without competitive bidding, generally paying the average price paid on competitive contracts. By the SBA's reckoning, the contracts to Wallace and Wallace have included \$1.6 million in direct subsidies—"business development expenses," as they are called.

An SBA spokesman explained that 8A is supposed to give struggling minority companies basic business to provide the cash flow and profits to allow them to, as the agency puts it, "graduate" into competitive bidding and nongovernment markets.

Mr. Wallace's strategy in assembling the refinery project is to line up commitments, each contingent on the others.

He has an agreement with Venezuela and other unidentified oil producers to supply \$8 billion worth of crude oil—if he has a refinery to use it. He has an agreement with the Alabama Gas Co. for the ability to buy \$1 billion worth of propane during the next 20 years—if he can produce it. He has contracts to build the refinery—if he can finance it.

Last month, he hired Andrew Brimmer, a former governor of the Federal Reserve Board and former under secretary of commerce, as an economic and financing consultant.

Mr. Brimmer said his job will be to

prepare the financial data needed to get private capital for the project. Mr. Wallace is seeking loans and loan guarantees from the Commerce Department's Economic Development Administration and the Farmers' Home Administration—which finances businesses in rural areas—for part of the \$630-million construction cost.

"My hunch is he will still need a sizable block of money, at least half of it from the private sector," Mr. Brimmer said. "My job will be to attempt to assure lenders that it is economically feasible."

Critical Role

The government plays a critical role in the private financing plan. Mr. Wallace is seeking a Department of Defense contract to supply JF-4 jet fuel.

"If he gets that contract, we then have a bankable proposition," Mr. Brimmer said.

Mr. Wallace is up against a "Catch 22" situation, said John Adams, a special assistant to Mr. Wallace and head of his Washington office. The Pentagon will not award a contract to an unbuilt refinery, and the refinery cannot be built without the contract. A Pentagon spokesman said negotiations with Mr. Wallace are continuing.

In addition to lobbying the Pentagon, Mr. Wallace's Washington office also is seeking assurances from the SBA that the company can retain its favored 8A contractor status at least until the refinery has been in operation for a couple of years. The government heating-oil contracts would provide another major outlet for the refinery's production.

The catch with SBA is that a company successful enough to build a \$630-million refinery does not meet the usual definition of a "disadvantaged enterprise."

Nuclear Responsibility

Despite the elements of farce injected by tapped conversations and a swatted fly, President Carter's discussions with Prime Minister Desai in New Delhi came to grips with a vital nuclear problem. The problem was not solved, despite the cordiality of the occasion and an agreed declaration at its end. But at least it was stated.

Essentially, of course, the primary nuclear question is whether the major powers will court suicide by engaging in nuclear war. From that critical issue flow the matters of how those powers are to prevent such a catastrophe and what is to be done to check other states from making—or exploding—military nuclear devices. And both of these are complicated by the peaceful use of atomic power, which is the subject of increasing controversy. Developing nations strongly desire nuclear energy as an alternative to expensive petroleum or scarce water and coal; many environmentalists are concerned about the effects of nuclear power and its dangers to the life which surrounds it; many more fear that weapons will be a by-product, or the main product, of such power.

Apparently Mr. Carter was successful in reaching agreement with the Shah of Iran on controls over nuclear fuels for that country. But India, while its Prime Minister insists it has no intention of making or using nuclear weapons, professes to regard those controls as an infringement of its sovereignty—and an effort by the nuclear superpowers to impose their will on the rest of the world.

So the New Delhi meetings did not bring the United States and India into accord on how imported nuclear fuels are to be used.

but Mr. Carter promised that they would be delivered, as well as heavy water. And in the final declaration, while there was a vague statement that "the danger of nuclear proliferation must be arrested," it was preceded by another: "Existing stockpiles of nuclear weapons must be reduced and eventually eliminated."

It is easy enough to quarrel with the Indian stand, and to be suspicious of its real intentions with respect to nuclear weapons. It is also true that several industrialized countries, notably West Germany and France, have a strong interest in promoting sales of their nuclear power plants, without too much regard for the use to which nuclear fuel may be put.

However, the chief responsibility for controlling nuclear weaponry rests on the two nations—the United States and the Soviet Union—which have produced so much of that weaponry. Their primary strategic concern may be to balance their bombs so that neither side would be tempted to use them. But their primary global duty is to assure the rest of the world that they demand no more from it than they are willing to give. In other words, Moscow and Washington must set the example of reducing the nuclear danger—as they set the example of creating it.

Emphasizing this was the most important result of the talks in New Delhi. It must not be regarded wholly as a dispute between the United States and India, but as a challenge to both Moscow and Washington to diminish their own military capability, in nuclear and conventional arms, so that they can call upon other states to follow, rather than obey.

The Neutron Question

The leaders of the Soviet Union and Poland have now chimed in with their personal judgments on the neutron bomb—the new nuclear warhead, relatively small in blast but large in radiation, that the United States proposes to deploy in Western Europe against the specific threat of a massive Soviet tank attack. Many Europeans have the jitters about this new device. Some accept the hysterical argument that, by being designed to hurt people more than property, it is somehow "immoral." Others see it as a weapon close enough to being considered conventional that it might invite early use and bring on an escalating nuclear exchange. The Soviet and Polish leaders sought to propel these jitters along, warning that the deployment of this "inhuman" weapon would touch off a new arms race, lower the nuclear threshold, and much more.

They are entitled to their views. But the genuine dilemma at the heart of the neutron-bomb dispute, and at the heart of Russian as well as Western nuclear dialogue, remains: How can the threat of using a tactical nuclear weapon be made to appear persuasive or credible enough to deter an enemy, without, at the same time, making nuclear war itself more "thinkable" or perhaps provoking that enemy to go nuclear first in an armed confrontation? The Army, in setting out to modernize some of its 7,000 tactical nuclear weapons in Europe, wanted chiefly to make a NATO nuclear response to an overwhelming Soviet conventional attack more credible. We do not dismiss the Army's logic. But we find the answering argument more persuasive: NATO's temptation to use a neutron warhead, and the Warsaw Pact's anticipation of its use, could too easily ini-

tiate a nuclear exchange that no one could be sure would be contained. The proper alternative, we believe, is to improve conventional defense. A number of specialists believe the new precision-guided anti-tank missiles fill the bill.

In Warsaw Friday, President Carter contended that the Soviet Union's new mobile SS-20 missiles, trained on West Europe, are more destabilizing and destructive than the neutron bomb would be. He suggested that SALT discussions on strategic weapons be followed by Soviet-American talks on all tactical nuclear arms. But the beginning, let alone the end, of such talks is surely some years away. The issue of neutron warhead deployment is pending now.

Given the Carter administration's pledge to await a pro-neutron consensus in NATO before deploying the issue will be decided in West Europe, especially in West Germany, NATO's key European member and the country in which the warheads would be deployed. So far the peculiar mixture of emotional and strategic consideration drenching this issue has prevented the Germans from taking a public decision. We hope that they decide against the new weapons and that they explain their choice in terms contributing to reason and calm in the security debate. In a system where decisions of considerable technical complexity and emotional content are taken by democratic process, the way in which strategic issues are discussed can determine the way they are decided, too. The neutron question goes far beyond the question of the merits of the bomb.

THE WASHINGTON POST.

Golden Anniversary

The wife of Rudolf Hess brought him a bunch of roses and lilies the other day, to mark their 50th wedding anniversary. And for the first time in more than 30 years, the war criminal in Spandau Prison in West Berlin was allowed to receive them. We hope this display of sentiment by his four-power jailers represents a softening—particularly by the Russians—of the attitude that has kept Hitler's former deputy alone in his prison of four three-story buildings for a

decade. That 83-year-old man costs the West German government about \$300,000 a year; he is guarded by 45 soldiers—American, British, French and Russian—on a rotating basis. The situation might serve for a Peter Sellers movie. We don't urge flowers for Hess, a Nazi relic, but this seems like a good time of year for the Western powers to renew their bid to the Russians to end the charade.

THE NEW YORK TIMES.

Bugged Bruin

The situation was pregnant with potential for misunderstanding. A big white polar bear, an expectant mother, wandered north from Point Barrow, Alaska, wearing a radio collar for easy tracking by American scientists. Then she headed west into Soviet territory. Would the Soviets accept her as an innocent intruder who had lost her bearings? Or had they heard those tales about animals trained for clandestine missions? A cable to Moscow brought reassurance. The Russians will mount an expedition over the

pack ice of the West Siberian Sea to look for the errant bruin, which is probably planning to hibernate in an ice den until April, when she is expected to drop two cubs and thus triple the border violations. But at least the wandering bear is not likely now to shiver the timbers of détente. And if the Russians find the bear in time, they may even be able to give new meaning to rural free delivery.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

January 4, 1903

WASHINGTON—The meeting of the Cabinet yesterday was devoted to a consideration of the case of a colored postmistress at Indianola, Miss., who was forced to resign her position owing to deliberate indignities from the white citizens. The incident has incensed President Roosevelt greatly, and it is known that he expressed his indignation in no measured terms at the Cabinet meeting. Acting on the President's demand, the Cabinet decided to close the post office entirely.

Fifty Years Ago

January 4, 1928

WASHINGTON—The dome of the Capitol, which has been closed since the Sacco-Vanzetti case here last fall, may soon be opened and again serve as one of the vanishing points from which sightseers might view Washington. When fear was generally felt here that the sympathizers of Sacco and Vanzetti might attempt to bomb the Capitol, the dome was closed and guards were stationed temporarily about the building. The final decision rests with the sergeants-at-arms of the House and Senate.



Peking Suspicions of U.S. Strategy

By Victor Zorza

WASHINGTON—Peking is complaining about U.S. attempts to incite Russia to invade China. The Chinese press speaks of a devilish plot "to involve others in a war of attrition," as Chamberlain supposedly wanted to involve Germany and Russia to divert Hitler from the West. China now says there are those in the United States—and by this clearly means the Carter administration—who hope that they can divert the Soviet Union to the east in order to free themselves from the Soviet peril at the expense of the security of other nations.

Peking has revived the "Sonnensfeldt doctrine" as an object of vituperation, denouncing it as a U.S. attempt to buy off the Soviet Union by recognizing Eastern Europe as Moscow's "sphere of influence." Henry Kissinger's assistant Helmut Sonnenfeldt is no longer in the government, but Peking is using his name to attack what it believes to be Carter's policy of appeasement and weakness.

The Sonnensfeldt doctrine was designed to "assuage the aggressors' appetite and at least gain some respite" for the United States, Peking says—and now Carter is seen by it to pursue the same objectives. Sonnenfeldt, it says, tried to "frighten" Moscow with the prospect that China would be a long-term ally as "the third superpower," and he sought in this way to make the Soviet Union "shift the focus of its aggression to the east." The clear implication is that Carter is now doing the same.

economic development the vast resources which would otherwise be swallowed up by the military. The real lesson of Munich was that Stalin beat Chamberlain to the draw, and himself concluded a pact with Hitler. Now it is Peking that says, as Stalin did then, that alliances are a matter of expediency, not principle, to be changed when circumstances have changed—"in the light of what is imperative and feasible in different historical periods." This maxim, which Peking once used to justify its reconciliation with Nixon, has now reappeared in the key Chinese article attacking U.S. appeasement. In other words, we are now in a "different historical period" which may require a shift away from Washington, toward Moscow. But wouldn't this contradict the Mao formula that the Soviet Union would remain forever China's enemy? "We can never," says Peking, "lay down any hard and fast formula for differentiating the world's political forces."

Mao's Analysis

The article even recalls Mao's condemnation of U.S. plans for "waging an anti-Soviet war," and his call to those so threatened—that is, to the Soviet Union—to join forces against the United States. Being inside that Mao's analysis was "obviously" correct and that "no one can doubt this."

Letters

Whose Suit?

Regarding David Burnham's report from Tyler, Texas, on the impending \$20-million settlement of a suit brought by victims of asbestosis (DET, Dec. 27): "Because about \$4 million of the . . . settlement is to go to the winning lawyers, this is expected to spark a string of similar occupational health challenges around the nation," Mr. Burnham claims. If such challenges are sparked, it will be because \$16 million of the settlement went to the plaintiffs. Plaintiffs' not lawyers, start lawsuits.

It should be added that the defendants in the Tyler litigation are settling in fear of an even larger verdict being rendered after a trial. As a full reading of Mr. Burnham's story makes clear, it is not the \$4-million payment to the lawyers (for 400 plaintiffs) but rather the appalling negligence of the U.S. government that is going to spark further suits.

ROBERT KINGSLEY HULL, Paris.

U.S. Hypocrisy

I was appalled to read in the Dec. 13 issue of the DET: "U.S. Reported to Bar 'Visit by Dalmatian,'" since the "Carter administration" is eager not to offend China. First of all, after so much talk about human rights and how Americans welcome exiles from totalitarian countries, this attitude is so hypocritical as to make one want to laugh, or maybe cry. Secondly, why should Americans bow to the Chinese, who after all invaded and practically destroyed the great civilization and system which has been the Tibetan people?

Is there any sense at all in this act?

JANOS LEBER, Madrid.

—almost as if it were replying to some Chinese leaders who do. Moreover, it argues that Mao's conclusion has been "confirmed by events then and since." To invoke events "since" then means that some Peking leaders believe that more recent developments suggest that China should revert to the anti-U.S. stance of those early days, and perhaps to reconciliation with Moscow.

A Sino-Soviet reconciliation would certainly require difficult political decisions in both Peking and Moscow—but there are those in both capitals who believe that their countries could lose nothing from it, and gain a great deal. They do not now represent the dominant faction in either Moscow or Peking, but the fact that they manage to argue the case for reconciliation, albeit in a veiled form, suggests that they are potentially strong enough to prevail over their opponents when the right combination of circumstances occurs.

Jimmy, Won't You Come Home

By David S. Broder

WASHINGTON—Jimmy Carter is traveling abroad.

That is not just a statement on the President's whereabouts, but a comment on an important place since he entered the White House almost a year ago.

Carter, the campaigner and the novice President was a handyman eager to fix up the home place—to remove the rust from the economic pipes, rebuild the rocky structure of the federal bureaucracy, replace the eyeglass tax and welfare codes and correct the dangerous lean in the budget by putting it back into balance.

When he drained the pond in Plains of his accumulated delirium after the Democratic Conventions of 1976, it was understood as a graphic metaphor of his intention to clean up the mess in Washington and the domestic economy.

Well, after a year of mucking in that mess, a year of nagging arguments with Congress and the interest groups about what ought to be done and in what order, Carter gratefully shook his blue jeans and work shirt and jumped into diplomatic pinstripes and set off to see the world.

Nobody can blame him. But equally no one should minimize the importance of what has happened.

The most striking thing, to me, in the President's year-end interview with the four television networks was the sharp contrast between his optimism on international questions and the weariness and resignation with which he spoke of domestic issues. Said after a year of mucking in that mess, a year of nagging arguments with Congress and the interest groups about what ought to be done and in what order, Carter gratefully shook his blue jeans and work shirt and jumped into diplomatic pinstripes and set off to see the world. Nobody can blame him. But equally no one should minimize the importance of what has happened.

Anthony Sampson

From London:

The success of the Queen's Jubilee took most detached observers by surprise.

LONDON—Probably the most memorable feature of last year for most Britons was not the declining standard of living, the collapse of the car industry or the recovery of James Callaghan, but the Jubilee of the Queen. And in spite of all the verbiage that has been spun round the subject, it's still worth trying to analyse, in the cold light of January, exactly why, for the Jubilee had several odd characteristics.

Its success took most detached observers, and nearly all intellectuals, by surprise—though not the royal family itself. At the peak of the Jubilee mania, when nearly every back street seemed to be fluttering with hunting, I asked a member of the royal family who had been touring the country whether he was not rather amazed. He said, "No, it's what we expected. I think it's only the kind of people who go away for weekends who didn't expect it."

But the enjoyment of the Jubilee did not have very much to do with the personality of the Queen herself; indeed there were several occasions when she appeared to be bored by the whole business. It is very noticeable that the royal family, while living in a world of high pageantry, has no real theatrical flair of the kind that might make the job more enjoyable. The only apparent exception is Prince Charles, who enjoys acting and opera and has shown considerable panache in his hours. But we may well have to wait 30 years for the reign of the merry King Charles.

Quick Retreat

The rest of the royal family, in the midst of the celebrations, has not shown any very visible signs of requiring their subjects' affections, and this was especially marked when the Queen's eldest daughter, Princess Anne, gave birth to a son last November. The excitement of the public and the media was unbounded: TV programs ignored the world news to give every detail of the life of the princess and her military husband. But the princess herself made hardly any concession to the public curiosity, and quickly retreated into the huge and secluded country house which her mother had recently bought for her.

Yet in spite of this determined aloofness at the center, the Jubilee released a burst of festivity which was both spontaneous and communal, with street parties, village fun-fests, and huge waiting crowds of the members of which seemed to be brought suddenly, mysteriously closer to each other. It is not enough to say that the Jubilee was just an excuse for a party, a kind of extra Christmas, for the Jubilee fever seemed able to generate a party spirit and to break down barriers in the most unpromising conditions and the

image of the Queen could clearly achieve some tribal unification. It has been an odd spectacle, under an egalitarian Labor government, with an increasingly vocal left wing, to watch the public adoration for this very rich private family—and the small band of anti-monarchists and republicans have hardly dared open their mouths.

No Criticism

The frustrations of the republicans have been vividly described by Richard Crossman, who was a Labor Cabinet minister, in his diaries published posthumously last year. He explained how eight years ago he and two other republicans in the Cabinet—Roy Jenkins and Barbara Castle—were outraged when Prince Philip complained that the royal family was not getting enough money. "The Queen pays no estate or death duties," complained Crossman, "and they are incredibly wealthy." The republicans in the Cabinet wanted a committee to look into the Queen's fortune, but they were quickly defeated by the more working-class members, led by James Callaghan, who would brook no criticism of the royal family from these middle-class intellectuals.

It is thus not surprising that today Callaghan, as Prime Minister, should see the Queen as a natural ally, bringing a sense of security and reassurance to the working-class voter; and in this atmosphere the Tory party can gain little advantage from their past record as the royalist party and the defenders of tradition. The Jubilee celebrations showed a subtle lack of contact with the problems of contemporary Britain, and the Labor government was thankful for the escapism. The royal family still projects an essentially 18th-century life-style, of country houses, horse racing, hunting, and military displays. Such royal insulation has often been a recipe for disaster, as it was for the Romanoffs, but in Britain's constitutional system it appears to add to the monarch's security, removing her from the awkward and painful problems of industrial survival, into a world of rural nostalgia and reassurance which might be part of the most romantic TV serial.

And behind the romanticism and antique pageantry there still lies the shrewd political sense of the Queen and her advisers, who have learned, as the Romanoffs never did, that the retention of privilege depends on bending with the political winds. Few people would have guessed 35 years ago that the Queen would be the heroine of the Labor party, and even if a British Communist government were to come to power in another 25 years, it is safe to predict that the monarch, with estates intact, would still be there, making the speech from the throne proclaiming the new dogma.

First, let no one think the shift of focus is of no significance. Presidents, like the rest of us, work hardest where they see hope of success. Even for a workaholic like Carter, time spent on the international agenda means presidential energy diverted from the unsolved domestic problems.

Second, there are risks as well as rewards in the switch from home repairman to world statesman. The Panamanians, the Palestinians, and the Politburo may look easier to deal with than the tax lobbyists, the energy conferees or the unemployed—but they are not easily managed either.

And finally, on a political note, presidents—and especially Democratic presidents—tend to be judged by the voters on their record in domestic affairs. You can stick the treaties as high as the Washington Monument and they won't be as convincing to voters as a healthy economy, with more jobs and better pay.

The message to the touring President really is: You have to come home again.

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The message to the touring President really is: You have to come home again.

End of Reich Described

Goebbels Diary: Bonn Best Seller

By John Vinocur

BONN, Jan. 3 (NYT).—Thirty-two years after the end of World War II, a fragment of the diary of Joseph Goebbels, the Nazi propaganda minister, has been published for the first time, offering a day-to-day account of the disintegration of the Third Reich.

The entries, marked by growing recrimination and despair, blame Reich Marshal Hermann Goering for the collapse of Nazi Germany. Goebbels contends in the diary, two months before the country surrendered, that the outcome of the war could have been different if Goering, the head of Hitler's air force, had been dismissed.

"It's an enemy air terror that the cause of our military downfall can be found," wrote Goebbels, whose official title was minister of popular enlightenment and propaganda, in an entry on

March 28, 1945. On that date, he noted, he had talked with Hitler and remarked on the advance of U.S. troops to the outskirts of Frankfurt.

"As I've already stressed, the Fuehrer is now inclined to make certain excuses for Goering. I consider that absolutely inappropriate. It's ridiculous to still show understanding for a man who led the Reich to this mortal crisis. It's he who bears the responsibility for our downfall."

Best Seller

The diary has moved onto the West German best-seller list. Some booksellers explain its success as part of a growing West German fascination with the Nazi era.

In contrast with the memoirs written in prison by Albert Speer, Hitler's minister for munitions, the Goebbels diary's special interest is its immediacy. Entries in the published segment were made daily from Feb. 28 to April 10, 1945, two days before the death of President Franklin D. Roosevelt, and about three weeks before the suicides of Hitler and Goebbels.

The two central points of concentration in the diary are, first, the question of who is to blame for the Nazi collapse; and second, the seemingly endless capacity for wishful thinking on the part of Goebbels, that turned any vaguely favorable news—an outbreak of epidemics in Rome or a labor dispute in the United States, for example—into signs that the allies were falling apart and into another rationale to continue the killing.

Goebbels's Contempt

Goebbels had contempt for virtually everyone around him. Speer had "too little experience" and too little political education "to be entrusted during this critical period," Goering was a

buffoon who shot buffalo while the fronts moved in, Goebbels said, and Heinrich Himmler, the SS and Gestapo leader and interior minister, had lost most of his prestige in poorly advised military operations.

But Goebbels's loyalty to Hitler was unbending. When the Fuehrer refused to dismiss Goering "in this last second of events in our favor," Goebbels's criticism was muted. Excuses were quickly produced.

On a day when he noted that more than 1,000 allied bombers had attacked Germany, Goebbels found it somewhat strange that "the Fuehrer is taking it all a bit lightly." But he quickly added: "That's the appearance he gives but deep inside he must surely think otherwise."

Although there are examples of strong political intuition, including a prediction of Churchill's fall from power, the diary is preoccupied with examples of cruelty, fanaticism and pettiness. For example, Goebbels considered most of the German generals to be bourgeois and insufficiently Nationalist. But he found one he could admire in Gen. Ferdinand Schoerner, who hanged soldiers if they appeared recalcitrant.

"Perfect Chief"

"Schoerner is the perfect chief," Goebbels said. "The details he has given me on raising the morale of his troops are absolutely sensational."

Goebbels failed to take much notice in his March 10 entry of U.S. troops establishing a bridgehead on the east bank of the Rhine River at Remagen, but he still held out hope that there would be some reaction to the allied bombing of Germany, "because world public opinion is not hardened yet to the point of welcoming such cynicism without protesting."

But Goebbels acknowledged increasing at the end that almost none of his propaganda attempts were working anymore. At home, he recognized as a major failure the Nazis' inability to increase resistance to the allies by persuading the German people that they would be treated as cruelly by the Americans and British as they might be by the Russians.

Twice in the diary, Goebbels expresses genuine satisfaction. On one occasion, he was particularly pleased when Hitler dismissed a propaganda official who, on his own authority, had struck a line out of a report Goebbels wrote because it was obviously untrue. The second situation was the fate of the Jews. "It's necessary to exterminate these Jews like rats, once and for all," he said. "In Germany, thank God, we've already taken care of that. I hope that the world will follow this example."

On May 1, Goebbels died after taking poison with his wife. A doctor administered fatal injections to the couple's five children.

Teng 'Welcomes' Foreign Experts' Advice on China

HONG KONG, Jan. 3 (Reuters).—Chinese Vice-Chairman Teng Hsiao-ping asked foreign experts here for criticism and suggestions on the country's "shortcomings and problems," the Chinese news agency reported.

The agency said Mr. Teng told foreign experts from more than 40 nations at a New Year's Eve reception in Peking that China welcomed criticism of the work of its cadres.

"We hope that you will impart all your knowledge and experience, while we on our part will welcome straightforward criticism and suggestions from you on shortcomings and problems in our work," he was quoted as saying.

"All Chinese cadres and comrades must learn diligently from the good experience and strong points of the foreign experts," Mr. Teng said.



DRAW CURTAIN—The new decor at the entrance in Paris to the central station for the suburban express trains serves as a shield for the vast Les Halles construction site. Provisional decoration was designed by Englishman Thierry Kresmann.

Successor-Designate to Bourguiba

Tunisia's Premier Tested in Cabinet Crisis

By Thomas W. Lippman

CAIRO, Jan. 3 (WP).—The man on the spot in troubled Tunisia is a cautious, soft-spoken French-educated lawyer-banker named Hedi Nouria.

He has been Premier since 1970 and is the constitutionally designated successor to the ailing President for life, Habib Bourguiba. But whether Mr. Nouria has built enough of a power base to be able to hold the country together when Mr. Bourguiba dies was called in question by a cabinet crisis.

Six ministers quit or were fired and Mr. Bourguiba, now a bedridden legend but still the country's dominant figure as the father of Tunisian independence, was forced to intervene to shore up Mr. Nouria's government.

The President appointed seven new cabinet officers, including his son, Habib Bourguiba Jr., and in a radio broadcast reaffirmed his "complete confidence" in Mr. Nouria. "In one hour," a Tunis radio commentary said, "the President has put an end to the maneuvering of those who wanted to provoke a governmental crisis and to provoke a breach between him and his right arm, Hedi Nouria."

Labor Unrest

Reports from the Tunisian capital say the crisis began when the minister of the interior, Tahar Belkhouja, was dismissed, apparently because he wanted to moderate the government's get-tough policy of suppressing the labor unrest that has flared into violence throughout Tunisia over the last two months. The other five resigned in protest but Mr. Bourguiba supported Mr. Nouria and the new government is likely to continue to deal firmly with the 650,000-member General Union of Tunisian Workers.

What would have happened if Mr. Nouria was running the coun-

try on his own, as he is soon likely to be as Mr. Bourguiba's health continues to fail, is the question that raises doubts about the future stability of the North African nation of 6 million.

Mr. Nouria, 66, is widely respected as an administrator and technocrat, but he is viewed as a lackluster personality with no political base of his own. In person he is a charming, disarming, but cautious man, most comfortable speaking French, who shows an ill-concealed contempt for what he views as the politics of mob rule.

"Think With Hands"

In a recent interview, he said that Tunisia had to be governed with the understanding that its people are excitable, Mediterranean types "who often think with their hands instead of their heads."

The latter phrase was edited out of the official transcript of the interview, as were other phrases that might be construed as giving offense to anybody.

Mr. Nouria studied law at the University of Paris. He returned to Tunisia in 1957 to practice his profession, but his involvement with trade union politics, as secretary-general of the Tunisian trade union organization, and his support for the Tunisian independence movement brought him in to conflict with the French authorities. According to his official biographic sketch, he spent much of the next 14 years in French jails, and at one time was imprisoned with Mr. Bourguiba, to whom he has been loyal ever since.

Since his student days he has been involved in the activities of the Neo-Destour, Tunisia's only political party. He is still its secretary-general. In the 1950s, he was minister of commerce and finance minister, and from 1958 until he became Premier he was governor of the Central Bank.

In the interview, given before

the cabinet crisis, Mr. Nouria thoughtfully defended the one-party government as the most suitable for Tunisia, which he described as a country on the road to stability, development and political sophistication but not yet strong enough to permit itself the luxury of complete political freedom.

"Liberate the Individual"

"There is no Arab Moslem country that has achieved as much as Tunisia," he said. He said the country's objective was not to impose a party ideology as a rigid guide but to "liberate the individual from social and material constraints, that is, from ignorance, hunger, illness and most of all from anachronistic customs."

He said he did not believe that a multiparty system was necessarily desirable, saying that it caused only political turmoil in the third and fourth French Republics, in Italy and in "other countries much more developed than Tunisia."

Tunisia's political system, he said, is one of "modern pluralism, the pluralism of interests." If not of organizations, and in any such country "there are always malcontents."

Public Opinion

He said Tunisia was a country where any act by a public official was "studied, criticized, analyzed and reviewed, and public opinion in Tunisia, even if it is not expressed in writing, is enormously important."

But that leaves it up to the government to judge what public opinion really wants and Mr. Nouria has apparently made the judgment that the agitators for more pay and better working conditions are agitators first and public spirited citizens afterward.

Formalizing Split

Indian Congress Party Expels Mrs. Gandhi and Followers

By William Borders

NEW DELHI, Jan. 3.—India's Congress party, which was the political vehicle of Indira Gandhi's entire career, expelled her tonight, completing the break that has been coming in stages over the last few weeks.

The action followed the former prime minister's decision yesterday to form a new political group, which she also calls the Congress party, with herself as president, claiming that it, and not the party's regular leadership, has the support of the rank and file.

"The Congress Working Committee has resolved that those congressmen who have joined the new party formed by Indira Gandhi as president will stand expelled," the party said in a resolution adopted tonight by the committee, which is the party's executive.

Priya Ranjan Das Munshi, one of the members of the committee, said afterward: "The cancer is out and we are not carrying the burden of Mrs. Indira Gandhi any more."

Legal Argument

The party president, former Home Minister Brahmananda Reddy, also wrote to the Indian election commissioner, pointing out that "I am legally and constitutionally the president of the Indian National Congress, and if any organization is formed under the name 'Indian National Congress' it is illegal and unconstitutional."

Clearly drawing the battle lines, a spokesman for Mrs. Gandhi's party said of the action by the party leaders: "We will also expel them."

As the effect of the split rippled across the country, fights and contests seemed likely on many levels. For example, party regulars in the Punjab State were planning to try to replace their leader in the legislature when it reconvenes tomorrow because he has gone over to Mrs. Gandhi's side.

Communists to Rule State

NEW DELHI, Jan. 3 (AP).—The tiny eastern state of Tripura has become India's second state to elect a Communist government.

Final returns today gave the Marxist Communist party 49 of the State Assembly's 60 seats. In West Bengal, a five-party leftist coalition is dominated by the Marxist Communists, who came to power in state elections last summer.

Waldheim Says 5 Frenchmen Died in Morocco

PARIS, Jan. 3 (UPI).—UN Secretary-General Kurt Waldheim told French President Valéry Giscard d'Estaing today that according to information he received in Algiers, five French youths missing in southern Morocco have been killed by Polisario Front rebels.

An Ellysée Palace spokesman said Mr. Waldheim gave Mr. Giscard d'Estaing the information when the two discussed world problems, including the situation in the former Spanish Sahara, at lunch. Mr. Waldheim received the information on the five French youths during his recent talks in Algiers with President Houari Boumedienne, the spokesman said.

Mr. Waldheim went to Algiers to bring to France eight French hostages released by the Polisario insurgents.

The five youths disappeared in southern Morocco Jan. 1, 1976. The Polisario insurgents had said the five had been killed by Moroccans.

12 to 50 Strikers Slain in Pakistan

MULTAN, Pakistan, Jan. 3 (Reuters).—At least a dozen persons were killed when police fired on strikers at a cotton mill here and the number slain could be as high as 50, reliable sources said today.

The police battle with about 10,000 strikers in this eastern city yesterday was the worst incident of its kind since the army seized power last July and imposed martial law. An army team headed by a brigadier began a formal investigation and promised punishment for those responsible.

An official statement said five persons were killed when police fired in self-defense. But the sources said officials admit privately to at least 13 dead, and strikers said many bodies, removed to outlying villages, were not counted.

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Editor's Wife Tells of 'Ordeal'

Woods Overflies South Africa To Botswana, Now Feels Safe

GABORONE, Botswana, Jan. 3 (AP).—Banned South African editor Donald Woods arrived here this afternoon after a 340-mile flight across South African territory in a small Lesotho Airways plane.

"I am relieved and I feel safe for the first time," Mr. Woods told newsmen here in the capital of this former British protectorate after the 2-hour-and-30-minute flight.

Mr. Woods, his wife Wendy and their five children arrived on a twin-engine islander aircraft. They were accompanied by an official from Lesotho to insure their safety in terms of an agreement with South Africa guaranteeing overflight rights to the small landlocked black state.

The Woodses are staying at the home of the British high commissioner in Botswana, Wilfred Turner, and are expected to leave tomorrow on a scheduled flight to the Zambian capital, Lusaka. From there they will fly to London.

Resettlement Plans

Mr. Woods, 43, who plans to settle in Britain or the United States, escaped in disguise from South Africa to Lesotho over the weekend. He left in defiance of a five-year banning order that since its imposition on Oct. 19 had effectively silenced the outspoken editor of the East London Daily Dispatch.

He has almost completed a book about his close friend, black activist Steve Biko, whose death from brain damage while held by South African security police has stirred an international outcry.

Mrs. Woods described the flight here from Lesotho as a "nervewracking experience" although it was achieved without incident. Observers said that if the plane had been forced to land in South Africa, Mr. Woods undoubtedly would have been arrested.

Mr. Woods postponed a flight out of Maseru, Lesotho, yesterday because of bad weather here in Botswana. The pilot said that if the plane had been unable to land in Gaborone he would have had sufficient fuel to fly only to Johannesburg.

The South African government's banning order had restricted Mr. Woods to East London and had prohibited him from writing or saying anything for publication.

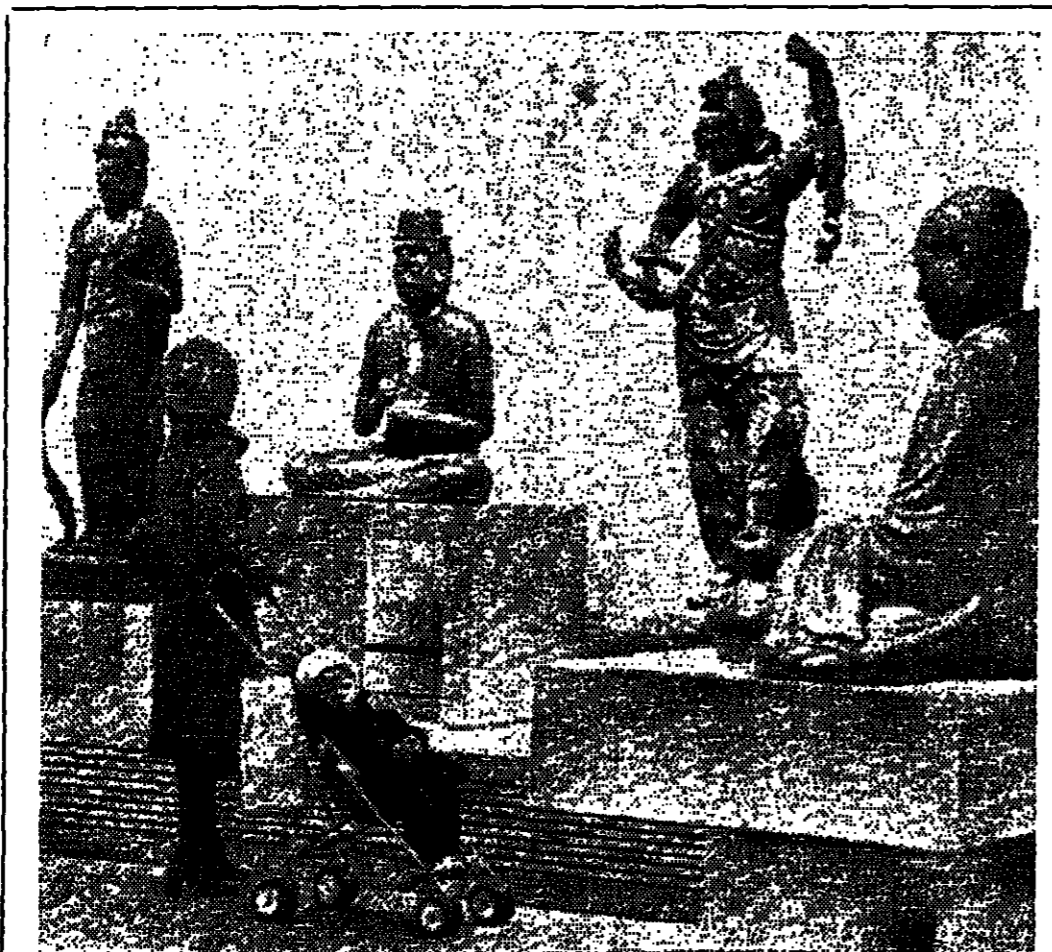
South African press reports said today that when Mr. Woods began the final section of the Biko manuscript relatives told him it would be dangerous to be in South Africa, once the book was published overseas.

Mr. Woods was one of seven white critics of the government to be restricted in a wide-reaching crackdown in which more than 50 black leaders were detained, the two main black newspapers were closed and virtually

Talks With Firemen Adjourned in Britain

LONDON, Jan. 3 (UPI).—A new round of talks between Britain's striking firefighters, their local employers and the government adjourned today with no end in sight to the eight-week walkout.

Union leaders and local council representatives said both sides refused to reconsider their positions. The 35,000 firefighters walked off the job Nov. 14 to back their demand for a 30-percent pay rise.



FROM THE ORIENT—A child appears to have less cultural appetite for wood carvings than his mother at the museum for Asiatic art, recently opened in Cologne.

Russia to Free U.K. Student Held on Subversion Charges

MOSCOW, Jan. 3 (Reuters).—The Soviet Union today announced it was releasing British student Andrei Klymchuk, who has been held by security police since August on charges of anti-Soviet activity.

British Embassy officials said they were informed that Mr. Klymchuk, a 22-year-old student at a Hull Teachers Training College, would be flown to London Thursday aboard a regular Soviet Aeroflot flight.

Tass said the decision to expel

him rather than put him on trial was taken in response to repeated appeals by Britain for clemency, and to his own "sincere repentance" in a letter to the Soviet government.

After his arrest Aug. 1 in the west Ukrainian city of Lvov, which he was visiting as a tourist, Mr. Klymchuk fully admitted his guilt, it said.

Charges Listed

Tass quoted the Lvov prosecutor as saying he tried to distribute written appeals for a struggle against the socialist system, and smuggled in 10,000 rubles (\$14,000) to organize anti-Soviet subversion.

The agency said the prosecutor's office alleged Mr. Klymchuk traveled to the Soviet Union on assignment from the so-called Organization of Ukrainian Nationalists.

Mr. Klymchuk, from Acton, West London, is the son of a naturalized Briton who left the Ukraine in 1943. He came to the Soviet Union in a tourist group as a 21st birthday treat.

During five months in prison he was taken to visit two sons living near Lvov, and accompanied to the circus, ballet and theater.

Film Director Freed

Meanwhile, informed sources said Soviet film director Sergei Paradzhanov, 54, has been released from a Ukrainian labor camp after four years imprisonment after being convicted of charges of homosexuality and currency speculation.

The Armenian-born director, whose arrest in December, 1973, aroused a defense campaign in the West, left the Dnepropetrovsk camp last week, the sources said. Until his arrest and five-year sentence, which were never mentioned in the Soviet press, Mr. Paradzhanov spent most of his career working at the Dovzhenko Studio in Kiev.

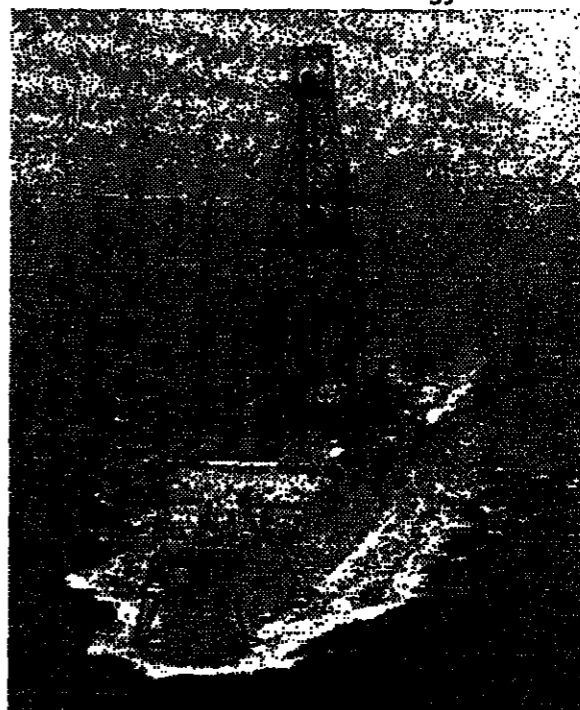
His best known film "Shadows of Forgotten Ancestors," about life in a pre-revolutionary Ukrainian village, won 16 international prizes after its release in 1965.

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PARIS MOVIES

The Business Tyrant Strikes Again

By Thomas Quinn Curtiss

PARIS, Jan. 3 (UPI)—If Michel Piccoli builds another skyscraper, his fame will probably jump out of the window. It is time to call a halt. This actor has fallen victim to pernicious type-casting. Myopic directors judge him fit only to impersonate the unprincipled, vicious money-grubber. He is at it again in "La Part du Feu" (at the Etoile), the Blariz and the Danton) as another odorous Babbalanza who rises roughshod over his associates and makes his wife very unhappy. Piccoli needs a rest cure as a good guy in a Western to restore his histrionic health.

This film, written and directed by Etienne Perier, is old stuff. It is the hoosier melodrama that best the stage decades ago and that the French cinema has appropriated and is offering as a startling novelty with important social impact.

These boss exhibits—sometimes a business boss, sometimes a political boss and here a composite of the two—were inaugurated by "Le Maître de Forges" a century or more ago. They thrived heartily in the early 1900s. Mirbeau's "Les Affaires sont les Affaires," with its strong portraits of a tyrannical capitalist of industry, was the best of them, but Henry Bernstein's "Samson," Alfred Sauter's "Builder of Bridges" in England and, in America, Charles

Klein's "The Lion and the Mouse" were all box-office hits. Klein went down on the Lusitania and big businessmen disappeared from the theater, though Hollywood occasionally echoed the old school in such talkies as "The Wolf of Wall Street."

"La Part du Feu" is a sorry sample of the species, now fortunately extinct on the stage. Its cunning boss is painted as such an unmitigated bad man that even in the period of the peanut gallery he would have been whistled down. In the aforementioned plays the financial giant was not always dishonest, and his wife and family usually moved him with some lesson that money is not all. In the latter-day French movies, however, he is always a crook. On this occasion he is not only a crook and cad, but he is defacing the Parisian skyline by constructing a monstrous eyecore. He has corrupt officials at his beck and call, and when one of them is blackmailed by a yellow-journalist, he escapes exposure.

His private life would never have passed the Hays Code muster. His junior partner, who tries to double-cross him in a deal, is having an affair with his wife. He knows of this and encourages the liaison to the end, Piccoli offers from the stage boxes of old only in that he does not wear a black cutaway coat and striped pants. Claudia Cardinale is the faithful

wife who steals documents from his safe in her hand, and Jacques Perrin is the disciple who would surpass his master in villainy. In all, a tiresome to-do, almost quaintly old-fashioned in 1978 despite its chic wardrobe.

Diane Kurys was 14 in 1963 and "Diabolio Menhir" (at the Etoile) the Gaumont Colisée and the Gaumont Richelieu), her first film, is based on her girlhood experiences. The setting is a lycée and the seaside of summer vacations a decade and a half ago, and the principals are two adolescent sisters in the painful process of growing up.

The younger is something of a problem child, unstable, excitable and given to stealing and lying, but the scenario's optimistic inference is that she will improve on coming to womanhood. Eleonore Klarwein and Odile Michel have an engaging natural quality, displaying none of the mannerisms of teen-aged actresses, and the other roles have been cast with like persuasive results. Many of the incidents of the girls' schooling have a pleasing humor and their teachers have been amusingly individualized, seen as pupils might see them. "Diabolio Menhir" has not the sharpness of Claude Berri's "Un Moment d'Égaré-mont," perhaps because it treats of an earlier generation, but it does have a beguiling charm.



Michel Piccoli and Claudia Cardinale in "La Part du Feu."

"Pourquoi Pas?" (at the Blariz, the UCG Opéra and the Cluny Zoos) might be described as a non-U version of "Design for Living" in want of some Noel Coward repartee. It tells, in the Coward phrase, of two men and a woman "who love one another very much" and who live a squabbling, noisy life together, switching sleeping partners. The

existence of this glibby trio of sub-bourgeois is not alarming. Author-director Coline Serreau has presented the story with the distracting cut-in flash-overs of the 1960 New Wave. Sami Frey and Mario Gonzales are the nonconformist beaux and Christine Muriel is the obliging headone. A fresh film, it has come too late to shock.

The Debate Continues Across the Atlantic Over Subsidies to the Arts

By Jonathan Kandell

ROME (UPI)—After 18 years abroad, Paolo Carosone, a moderately successful sculptor and graphic artist, returned to his native Rome three years ago hoping to mount a few one-man exhibitions, publish a book on his best works and maintain a steady income.

But he soon discovered that private dealers were few and cautious, preferring to handle two or three well-known Italian artists and established Americans. The state museums and galleries had restricted budgets and required personal introductions before helping a struggling artist. There were hardly any teaching posts available in the fine arts departments of the universities. The waiting lists were long and the forms to fill were imposing.

So Carosone, 37 years old, lives in his mother's apartment. He scrapes by on \$4,000 a year, earned mostly from sales in galleries abroad, particularly in the United States.

Debate Rages
"State subsidies for artists?" asked Carosone rhetorically. "I never heard of any individual in Italy who received them. Subsidies are for institutions. For works of mythology."

The debate rages perennially across the Atlantic over whether the United States or Western Europe does a better job of supporting the arts and artists.

When France spent \$200 million to build the Georges Pompidou National Center of Art and Culture, which opened in Paris last year, critics in the United States pointed out that Washington spent only \$100 million a year on assistance for museums, orchestras, operas and other cultural activities throughout the country.

But if income of artists and their total numbers are any indication of their well-being, then most Western European countries have cause for concern.

A report issued last year by the International Labor Organization, based in Geneva, asserted that the incomes of artists in many countries were substantially below blue-collar wages. The ILO cited a number of Western European countries where it noted a decline in the number of artists.

The ILO said that organizations of actors and sculptors in France report that most of their members earn less than the national minimum wage. In Norway, most artists make less than \$1,900 a year, which is only a quarter of the starting rate for

government service. The ILO noted that the number of musicians and singers in West Germany fell by 40 per cent, from 48,500 to 29,500, between 1950 and 1970. In France, the number of actors has dropped by a quarter in recent years and 80 per cent of those who remain are unemployed for some part of the year.

On the other hand, a number of countries have acted to give a measure of security to artists. In the Netherlands, most municipalities and provinces maintain a list of artists living within their boundaries and sponsor activities for them. In addition, the municipalities subsidize rents or provide rent-free studios for artists.

The Netherlands, West Germany and France have provisions for commissioning art work for public buildings, schools and urban development projects.

In Sweden, old schools and other buildings safeguarded for cultural reasons have been converted into workshops. Eighty such workshops now exist in Stockholm.

Because Rome is still a cheap city for people on dollar incomes, it has drawn large numbers of foreign artists. "It is a beautiful city, with good food and climate," Carosone,

the Roman artist who returned home, said. "The American artists see the inefficiency, the chaos and it attracts them."

But for Carosone the bohemian life does not exist. "I don't hang around picturesque cafés and neither do my friends," he said.

"The idea of intellectuals and artists arguing over coffee on a sidewalk table—well, I just don't think that goes on anymore."

It is by no means a joyless existence for Carosone. He plunges into his work with gusto at about 9 every morning and does not stop until after 10 at night. At the moment, he is doing a wooden sculpture commissioned for \$2,500 for a private client.

His studio, which is cluttered with turn-of-the-century bottles, plants, chemicals, drawings and mechanical and electrical equipment, is the room he was born in.

"If I could fit my bed in, I would sleep here," he said. "I believe in a continuous relationship with my work."

On Sunday mornings he is at the flea market before dawn, rummaging through old books containing etchings done in a lost graphic style or buying hand-blown bottles or a rusted iron clamp to hold his etchings in place or maybe an ancient box camera.

"Eighty per cent of the objects

at the flea market are impractical, absurd, useless," said Carosone, an inveterate collector of the debris of ordinary life. "But I have a longing for the unwanted object—something that has been rejected by someone else but in which I perceive something new."

Besides his etchings, done on copper or glass, he has worked on kinetic sculptures, including "robots," whose circulatory systems are colored sand flowing through glass tubes, and a "winged organ," which transforms human brain waves into electronic music.

His most expensive work brought him \$3,000. He has sold etchings to the Museum of Modern Art in New York and to the Philadelphia Museum of Art.

Carosone returned to Rome because his U.S. visa expired after he had taught etching for two years at the University of California at Berkeley. Before that he had worked elsewhere in the United States and in the Netherlands, Denmark and Japan.

He says that he has "wasted" the last year in Italy attempting to publish a book of his works that was intended to accompany a one-man exhibition in Milan. He spent more than \$1,000 on color slides for the illustrations and "endless time" on the layout, picking a printer approved by the

gallery owner who had agreed to distribute the book and mount the exhibition.

"I spent two months in Milan with the gallery owner, and I still call him every week," said Carosone. "But he won't even pick up the phone. His secretary says he is in Venice, in Switzerland, here and there. It has ruined my finances, my time, my ambition."

"I know it happens other places in the world, but it just happens more often here," he added. "You don't find a dealer who will fight for you. Not here. Not in most of Europe."

Carosone was more fortunate in the United States. A decade ago, he sold his etchings to the Museum of Modern Art through sheer youthful impetuosity.

"I telephoned the museum and asked to speak to the curator of drawings and etchings," he said. "He told me to come around in a few months. But I said I was leaving New York the next week so she let me come around the next day."

He left 30 etchings with a guard at the museum door. A few days later, the museum invited him back, asked him to leave 10 etchings and ended up buying 4. The curator put him in touch with other museums and galleries and eventually he sold 70 etchings.

MUSIC IN LONDON

Having the Best of Both Worlds

By Henry Pleasants

LONDON, Jan. 3 (UPI)—Hearing and seeing the Royal Opera's new production of "Die Fledermaus" first on a BBC TV-2 telecast to Britain and North America on New Year's Eve, then last night at Covent Garden, was rather like having the best of both worlds: television and theater.

Some of the less than best, too. Television—the telecast was live from Covent Garden—brought the viewer and listener closer to the principals and the fun they were having in Johann Strauss's masterpiece. But what was gained in intimacy was lost to some extent in the spectacle so richly offered in Julia Trevelyan Oman's sumptuous and tasteful sets and costumes. For these the screen provided too small a frame. They could be fully relished in the theater, along with a far superior vocal reception of the score, but with a loss of the telecast's intimacy, more telling in comic than in grand opera.

In other case, this new production by Vienna's Leopold Lindtberg, with a polyglot cast speaking—the singing was in German—a polyglot script shrewdly adapted for the occasion and the cast by Gerhard Bronner, was thoroughly enjoyable.

There were other than linguistic deviations from the Vienna original. Prince Orlofsky, traditionally given to a contralto or



Kiri Te Kanawa as Rosalinde.

mezzo-soprano, was nicely done by a tenor, Robert Tear, speaking in an accent variously described as Russian and Polish. The Eisenstein was Hermann Frey, a baritone rather than the usual tenor. Of the two, Eisenstein, thanks to Frey's impressive high spirits and high baritone, came off best. In Tear's Orlofsky one missed the essential element of high camp associated with memorable female Orlofskys of the past.

The Rosalinde was New Zealand's Kiri Te Kanawa, radiant of voice and person, here playing Eisenstein's English wife. Dr. Falke, too, in the amiable person of Benjamin Luxon, turned out to be an Englishman resident in Vienna. Alfred, here an Italian addicted to singing scraps

from Italian opera, was sung by a Polish tenor, Ryszard Karczykowski. Closer to tradition was the Adele, charmingly played and brilliantly sung by Biddiegar Heichele, a German coloratura.

What became, then, of Vienna? Well, there was a good deal of it in Michael Langdon's prison governor, including interpolated reminiscences of his much-admired Baron Ochs, and there was a lot of it in the veteran Josef Meirad's masterly Froch, the tipsy jailer. Most of all, it was in the music, marvelously and idiomatically paced by that Vienna-schooled Parsi from Bombay, Zubin Mehta.

...

Holiday fare of quite a different character was offered by the English National Opera at the Coliseum with a revival of Colin Graham's 1965 Sadler's Wells production of Janacek's "From the House of the Dead," with which Charles Mackerras is taking his leave as the company's musical director.

It is a wholly admirable evocation of Dostoevski's Siberia, especially Ralph Koltai's sets and Annens Stubbe's costumes, but as an opera hardly more than that. The score—it was his last—is one of Janacek's finest, but in the absence of any dramatic continuity, one comes away thinking of it as a superb film score in search of a scenario.

Scala Telecasting 'Don Carlos' Live To 15 Countries

MILAN, Jan. 3 (AP)—Verdi's "Don Carlos" will be telecast live from La Scala opera house Saturday to 15 countries, including the United States, Canada, Japan and the Soviet Union.

The same opera, with a different cast of singers, opened La Scala's bicentennial season Dec. 7, but the telecast was barred in a dispute between the state-run Italian television company and Austrian conductor Herbert von Karajan, who had the singers under contract for a German film production.

Saturday's production will star Margaret Price as Elisabeth of Valois, Plácido Domingo as Don Carlos and Elena Obraztsova as Princess Eboli. The opera will be conducted by Claudio Abbado.

European countries receiving the telecast will be Austria, Belgium, Bulgaria, France, Portugal, Spain, Switzerland, Norway, Britain, Holland and Yugoslavia.

Pisa Tower Stands Firm

PISA, Jan. 3 (AP)—The Tower of Pisa, whose lean has increased slowly but steadily through the centuries, stood firm last year. It was the first time since sophisticated devices to measure its movement were installed in 1913 that the lean did not increase.

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Vietnam (abk)	228.00	114.00	62.00
Yugoslavia (abk)	228.00	114.00	62.00
Zaire (abk)	228.00	114.00	62.00

Dollar Plummets as Gold Soars

LONDON, Jan. 3 (AP-DJ).—The dollar plummeted on the foreign exchange market today, falling .33 per cent against the Swiss franc, nearly 1.6 per cent against the deutsche mark, 2.3 per cent against the pound, 1.8 per cent against the guilder and 1.3 per cent against the French franc.

Gold, meanwhile, soared \$4.25 an ounce to \$169.50, its highest level since May, 1975.

European central banks only offered the U.S. currency minimal support. The Bundesbank bought \$75 million of the dollar. The Swiss National Bank also intervened, but to a limited extent.

Dealers still had not returned completely to normal following the holidays and year-end considerations. But dealers noted a distinct one-way tone of trading. Institutions were said to be widely opening new positions in the harder currencies, while shorting the dollar.

Traders did not rule out the possibility that the situation may correct itself somewhat if normal commercial demand starts to give the dollar a lift. But the overall trend for the dollar appears to be down, they said, as long as the United States continues to post huge monthly trade deficits and officials maintain a posture of so-called "benign neglect."

"The push will come and keep coming until the Fed reacts,"

Central Banks Out of Market

said one dealer. New York dealers said there was no sign that the Federal Reserve was intervening aggressively to support the currency.

In Paris, one banker commented: "Only the United States can stop the dollar's depreciation and because it hasn't been taking

GNP of U.S. Set to Hit \$2 Trillion

NEW YORK, Jan. 3 (UPI).—At 2:38 p.m. (19:35 GMT) Jan. 27—give or take a few minutes—the gross national product of the United States will cross the \$2-trillion-a-year mark, Morgan Guaranty Trust Co. predicted today.

It took the U.S. economy two centuries to reach a \$1-trillion-a-year GNP—the second trillion, accounted for largely by monetary inflation, will have taken only seven years to achieve, Morgan said.

Peru Hits Banks on Loans; Malaysia Seeks \$400 Million

LIMA, Jan. 3.—President Francisco Morales Bermudez said yesterday that certain political interests which he did not identify are trying to strangle Peru by turning down requests for loans although the International Monetary Fund has just granted it a \$100-million standby credit.

He told a press conference that "in the past, standby credit from the IMF would have been enough to satisfy the banking community. Now they are demanding we get emergency loans from the U.S. Treasury."

But he made no comments on reports that Washington recently turned down a request for such a loan.

Asked if Peru intended to approach its creditors for a rescheduling of its huge foreign debt, Mr. Morales replied, "Let us not talk of rescheduling what we need is a complete 'reordering' of the debt."

Meanwhile, the government has announced a 1978 budget of 260 million soles (about \$2.34 billion) compared with 223 billion soles in 1977, but in real terms expenditures will rise only 2.3 per cent.

The expenditures will include heavy repayments on the country's estimated \$4.7-billion foreign debt.

The government said income next year will reach an estimated 185 billion soles, leaving a

deficit of 104 billion soles to be financed by bonds and loans.

Malaysia Seeks Loan

HONG KONG, Jan. 3 (AP-DJ).—Malaysia is seeking to borrow \$400 million from foreign banks, according to the Malaysian Ministry of Finance, which is seeking to restructure its foreign debt on more favorable terms.

The latest credit, the largest single loan for the country, would be used to refinance portions of earlier credits and help finance new projects under the nation's five-year plan ending in 1980. A banker said the projects were not specified.

The \$400-million, eight-year credit is to carry an interest rate of 3 3/4 per cent over the six-month Eurodollar rate—which is among the narrowest margins on any major loan to a developing nation.

In addition, Malaysia would pay a 1.5-point commitment fee on the undrawn portions of the loan, plus management fees which were described by one banker as "average."

One banking source said the new loan might refinance parts of a \$150-million loan lined up in 1975 at an interest rate spread of 1 5/8 points, which the government has agreed to pay back early. The source also said it was possible the latest credit would be refinanced parts of a \$200-million loan arranged in 1976 carrying a spread of 1 3/8 points in the first four years and 1 1/2 points in the latter four.

Some Say Mexican Oil Wealth May Worsen Social Problems

By Alan Riding

MEXICO CITY, Jan. 3 (NYT).—Euphoria over Mexico's recent oil discoveries is beginning to give way to uneasy recognition that the new wealth will not solve—and may even aggravate—many of the country's deep social problems.

Over the last year, the government of President Jose Lopez Portillo has used oil to strengthen Mexico's balance of payments and to renew foreign confidence in the country's long-term economic prospects. It has also indirectly suggested that oil is a panacea for all of Mexico's problems.

But as the vast dimensions of the new oil wealth has become known, concern has grown in some government circles that Mexico is moving toward a massive, oil-financed welfare state.

"The real issue is whether oil allows the government to postpone necessary social and economic reforms," one leading economist said. "What's needed is an entirely new strategy of development, but so far it has not been forthcoming."

Crisis Gets Priority Since taking office in December, 1976, just weeks after Mexico's first devaluation in 22 years, the Lopez Portillo administration has given priority to tackling the serious economic crisis that it inherited.

Almost immediately, it became apparent that oil would play a major role in "rescuing" the economy. The state oil monopoly, Pemex, revised oil reserve figures from 7.3 billion barrels one year ago to a current 18.2 billion "proven," 30 billion "probable" and 120 billion "potential" barrels.

Exploitation was accelerated and targets of 2.2 million barrels a day of production and 1.1 million of exports were set for 1983. Construction began on a \$1.5 billion gas pipeline from southern Mexico to the Texas border. Although the pipeline project

has run into problems, oil and gas revenues are expected to exceed \$7 billion a year by 1982, and some officials confidently forecast an end to Mexico's payments troubles and the emergence of the country as a major petrochemical power.

But other officials, while conceding that oil should help create important new industries, have begun warning of the built-in dangers of the strategy being followed.

Jettison Problem

The principal concern is that Mexico's oil development and related industrialization will absorb huge amounts of capital—Pemex alone has a \$17-billion investment program for the six-year Lopez Portillo government—but will create relatively few jobs in a country where unemployment or underemployment already affects more than half the work force.

One senior official recently admitted that, within three years, industry might create a maximum of 160,000 new jobs annually compared with the 800,000 persons entering the job market each year.

Some leftist analysts have argued that no rate of oil exploitation would release funds for more labor-intensive economic activities involving agriculture, small and medium-sized industry and commerce. Only through a broader employment base, they assert, can the government resolve current educational, health and housing problems without creating an oil-financed welfare state.

They therefore feel that a major change in development strategy is necessary to prevent acceleration of the trend toward a nation divided into two parallel societies—one employed and benefiting from economic growth and the other underemployed and relying on government handouts for survival.

any action, European operators don't have any confidence in the currency anymore. I personally think the currency is pretty cheap, but I also predict that the downward movement will continue. I wouldn't be surprised to see the dollar below 4.50 francs in the short term if the United States continues to act as if a problem didn't exist."

The dollar fell to 4.6375 French francs, down 5.85 centimes from late Friday—the last day of trading before the New Year holiday. The dollar fell even more sharply against the Swiss franc to 1.6220 francs, down 4.5 centimes from Friday. Against the mark, it slipped 3.27 pfennig to 2.0688 DM from 2.1025 DM yesterday.

Starting climbed to \$169.13, up 4.28 cents from last week and at its best level against the dollar since March 8, 1976, just after it fell below \$200.

The dollar fell to 237.55 yen, down 2.3 yen from Friday, and to 2,380 guilders, down from 2,328 guilders.

The Canadian dollar rose to \$1.63 U.S. cents from \$1.58 cents. In London, the price of gold surged \$4.25 an ounce to \$169.50, its highest level since May 22, 1975, when it finished at \$171.10. The depreciation of the dollar was an important factor behind the upswing, bullion dealers said.

For instance, the price of gold in Zurich actually recorded a drop of 70 Swiss francs to 10,570 francs, bid, per kilo.

While currency considerations played a role, there were "very positive influences" in the gold market, according to "good buying interest," one London dealer said. Purchases by Americans and "new year buying" were evident, he said. Apparently some operators, who put off buying gold late in 1977, were now "coming off the sidelines," he said.

"The extent of the rally was surprising" ahead of tomorrow's scheduled auction by the International Monetary Fund of \$25,000 ounces of gold, the trader said. "The cut-off level at the IMF sale could be the highest yet," he predicted. "This would be 'bullish' for gold's outlook and could signal an upward direction for the precious metal in the early part of 1978, he stated."

Germany Rules Out Curb BONN, Jan. 3 (Reuters).—West Germany has no intention of reintroducing the Bardeget rule to restrict corporate borrowing abroad nor of deciding any further capital controls to ease upward pressure on the mark, a Finance Ministry spokesman said today.

He was commenting on speculation in Frankfurt banking circles that the government might reintroduce the rule, withdrawn in September 1974, to combat recent heavy borrowing abroad by German companies.

These capital inflows have contributed to the 10.5-billion-DM net currency inflow into Germany over the last three months.

Stock Data Altered

The yearly high-low listings that appear in the daily stock tables from the New York and American Stock Exchanges, starting today, will be the high and low figures covering the prior 52-week period. Until now, the annual highs and lows have been on a calendar-year basis. The new system conforms to the 12-month rotating period reflected in the dividends that appear in the stock tables, and the 12-month period used in computing price-earnings ratios.

Machine Orders Rise In West Germany

BONN, Jan. 3 (AP-DJ).—West German machine manufacturers' November order inflow increased by 19 per cent in real terms from October and rose by 10 per cent from the year-earlier level, the West German Machine Manufacturers' Association reported.

Foreign orders increased in November by 25 per cent from October and were up 12 per cent from November, 1976. Levels, November's domestic orders were up 12 per cent from October and rose 3 per cent from the year-earlier levels.

Some leftist analysts have argued that no rate of oil exploitation would release funds for more labor-intensive economic activities involving agriculture, small and medium-sized industry and commerce. Only through a broader employment base, they assert, can the government resolve current educational, health and housing problems without creating an oil-financed welfare state.

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8 Japanese Textile Firms Plan Mergers Project May Cost Up to 10,000 Jobs

TOKYO, Jan. 3 (UPI).—Eight of Japan's largest manufacturers of synthetic textiles have agreed on mergers that will reduce their number to four, with the probable loss of 10,000 jobs, industry sources report.

The mergers will be carried out in the first half of 1978, it is believed, and will be approved by the Diet, Japan's parliament.

The eight firms are taking the step in close consultation with the Ministry of International Trade and Industry, under the pressure of international competition and the 20-per-cent appreciation of the yen since September.

The plan calls for Asahi Chemical to merge with Kanebo, Tetsu with Unifika, Toray with Kuraray and Toyo Soda with Mitsubishi Rayon.

The eight companies employ slightly less than 95,000 persons. A ninth large firm, Toyoda, will continue to exist independently.

Industry sources said that about 20 per cent of the firms' combined production facilities is expected to be scrapped. The synthetic textile industry in Japan has been steadily losing ground in world markets because of development of factories in low wage countries like South Korea. In addition, the appreciation of the yen to 240 to the dollar has tended to price Japanese textile products out of the market.

Aid for Shipbuilders

TOKYO, Jan. 3 (AP-DJ).—A total of about 145 billion yen (\$600 million) in emergency loans will be extended to subcontractors and other business concerns affiliated with medium-sized shipbuilding companies facing bankruptcy, Transport Ministry officials reported today.

The loans are aimed at preventing subcontractors and other concerns from going under in a chain reaction to the collapse of several shipbuilding firms.

Norway Curbs Textile Imports

BONG KONG, Jan. 3 (Reuters).—Norway has introduced temporary restrictions on textile imports from Hong Kong following the collapse of talks on a voluntary cutback, the Hong Kong government announced today.

A government trade spokesman said the textile negotiations between the two countries were suspended last month because Hong Kong could not accept large reductions in the quotas, as demanded by Norway.

The Norwegian action, introduced on Sunday, came a month after Hong Kong initiated an agreement with the European Economic Community, to which Norway does not belong. The agreement restricted textile exports from the British colony to the EEC over the next five years.

Construction Spending Rises 0.1% in U.S.

WASHINGTON, Jan. 3 (Reuters).—U.S. November construction spending rose \$100 million, or less than 0.1 per cent, to a seasonally adjusted annual rate of \$178 billion, the Commerce Department reported today.

The department said private construction rose \$1.9 billion to \$142.1 billion, while public construction spending fell \$1.8 billion to \$35.9 billion.

Private construction was 19 per cent ahead of a year earlier, while public construction was 3 per cent above a year earlier.

Wall St. Merger Effective

NEW YORK, Jan. 3 (AP-DJ).—The previously announced merger of Reynolds Securities International Inc. with Dean Witter Organization Inc. and Reynolds Securities Inc. with Dean Witter & Co. Inc. became effective today, Dean Witter Organization Inc. has changed its name to Dean Witter Reynolds Organization Inc.

FINANCIAL NEWS AND NOTES

Fiat Sales Higher, Net Stable

Fiat reports that on the basis of provisional data its consolidated group sales rose to 11 trillion lire (about \$2.6 billion) in 1977 from 9.37 trillion lire the previous year. The company also expects net profits of about \$5 billion lire, equal to the year earlier, thus allowing the distribution of an unchanged dividend of 150 lire a share. Automobiles accounted for 4.8 trillion lire out of total sales in 1977 and industrial vehicles for 3.3 trillion lire. Auto production totaled 1.28 million units, slightly higher than the 1.25 million in the previous year. Fiat's share of Europe's automobile market rose to 5.9 per cent in 1977 from 5.5 the previous year while its share of the Italian market rose to 56.8 from 53.8 per cent. Investments in 1977 amounted to 1 trillion lire, up from \$12 billion, with about 80 per cent of the money spent in Italy.

Estel Sees Record 1977 Loss

Estel Hoosch Hoogovens expects final 1977 figures to show record losses, after the net loss of 262 million guilders (about \$14.9 million) in the first three-quarters, says executive chairman Jan Hoogland. He says Europe's fourth largest steel producer expects large losses in the fourth quarter, with the Dutch division, Hoogovens, deep in the red.

Ford Faces Auto Repair Bill

Ford Motor Co. faces an estimated \$10-million repair bill on some 1974 to 1977 Ford and Mercury cars because a cost-cutting step on a key part made their engines susceptible to major

breakdowns. Ford has quietly notified its dealers of a plan to pay for correcting major engine damage that could show up on some of its compact and sub-compact cars because of inadequate lubrication in cold weather. The repairs involve tearing down the cars' engines and the replacement of a number of fundamental internal parts. Ford estimates its cost for the work at \$190 to \$260 a car. The design flaw that could cause the problem exists in some 27 million four-cylinder and six-cylinder engines built in the last four years, but Ford maintains that only about 2 per cent, on about 55,000, will develop the serious engine trouble because it shows up only under extreme cold-weather conditions. So far only the company's dealers have been informed of the repair policy and it is not clear what Ford's position will be toward customers who already have had repairs made independently and paid for them.

Schroders Expands Base of U.S. Unit

Schroders Group has completed the first stage of a \$44-million capital expansion program designed to double the capital base of the U.S. banking subsidiary, J. Henry Schroder Bank & Trust Co. Schroders Inc., the group's U.S. holding company, has received \$34 million in new capital, of which \$24 million is equity and \$10 million is long-term debt. Equitable Life Assurance Society, Allianz Versicherungs-AG, and the Bank of Nova Scotia each provided \$5.5 million of the new equity, and the balance of approximately \$13.5 million has been provided by Schroders Ltd., the U.K. parent of the Schroder Group. The new investors each will own 5 per cent of Schroders Inc.

U.S. Firms Cut Prices to Boost Sales

CLEVELAND, Jan. 3 (AP-DJ).

Many U.S. companies have been trimming prices or canceling increases in recent months in an effort to pick up additional sales or resist inroads by competitors.

The trouble is, when the competitors get the same idea and one picks up significant new volume, the result is lower profits for all concerned.

Corporate executives note that the current pricing battles must be seen in perspective. Overall, more prices are going up than coming down, and while price cuts are on the increase few industries are experiencing cut-throat competition comparable to the bloody price wars of bygone years.

Nonetheless, the price weakness is widespread enough to affect corporate profits, and to temporarily slow the nation's inflation rate. Many businessmen expect the trend to continue this year.

Whether it will or not may be determined in the next month or so, as suppliers now are attempting to raise prices on steel, copper and a number of other products whose prices have been under pressure lately.

Growth Factor

The rate of economic growth will determine the success of many of these price-increase at-

tempts. Price concessions in the last half of 1977 reflected a moderate slowing of U.S. economic growth and a far more marked sluggishness abroad. Because of the slowdown, orders have been below expected levels and factories are not as busy as they had expected to be.

One good indicator of the price trend: Only 37 per cent of purchasing agents reported paying higher prices in December, while 59 per cent said prices were unchanged, according to the National Association of Purchasing Management.

Basic Problem So far, price concessions have come mainly on fairly basic materials, while prices continue to rise for manufactured items with a large amount of value added, says George Harris, vice-president for material at TRW Inc., a widely diversified automotive, aerospace, electronics and industrial-products concern. Even on manufactured items, though, prices are not always going up as rapidly as costs, producers complain.

The underlying problem is that producers, distributors and retailers are not able to reduce most costs. For instance, wages, salaries and fringe benefits continue to rise far more rapidly than the increase in output for each hour worked; labor cost per unit of

goods or service is rising at about 6 per cent a year. Notable among those who have already scheduled price increases are steel producers. Major steel companies have announced increases averaging about 5.5 per cent on various product categories, effective Feb. 1 and March 1.

Several major copper producers also have announced increases, raising basic copper to 63 cents a pound from 60 cents, but some industry analysts say that most copper producers would continue to lose money at 63 cents a pound.

Price increases or an end to discounts are scheduled for a number of other products where prices have been weak recently, but purchasing men say it is not likely that the increases will become fully effective. Looking at a recently announced increase of about 8 per cent in glass container prices, one big buyer says: "This is a soft glass market, and producers are playing a competitive game. I think they will wind up deferring the increase, cutting its size or discounting from the new list."

Outlook for Steel There are similar doubts about steel. Buyers say that while steel prices have firmed slightly lately, it is still possible to get some steel below published prices, sometimes getting top-quality steel for the price of an inferior product.

Stocks Slump Following Fall Of the Dollar

Dow Index Off 13 In Slow Trading

NEW YORK, Jan. 3 (IHT).—Dollar weakness abroad and inflation fears at home drove stock prices sharply lower today. The Dow Jones industrial average tumbled more than 13 points in moderate trading.

The price of gold soared in London, sparking interest in major gold mining shares in the United States and Canada.

Analysts said there were no new developments today to account for the dollar's fall. They cited doubt and uncertainty among foreigners about the future course of U.S. monetary policy under William Miller, appointed last week as chairman of the Federal Reserve Board.

The Dow Jones industrial average closed off 13.43 points at 817.74. It was off 12.56 at 3 p.m. Some 1,055 issues declined against about 410 gainers, and volume totaled 17.72 million shares compared with 23.56 million on Friday.

Among the shares of major gold mining companies, Dome Mines jumped 4 1/2 to 38 1/8, Campbell Redden advanced 2 5/8 to 37 1/4, Homestake Mining gained 1 5/8 to 38 1/8, ASA Ltd. was up 1 3/4 at 21 5/8 and Rosario Resources tacked on 2 1/4 to 21 7/8. Great Yellowknife Mining, traded on the American Stock Exchange, advanced 1 1/4 to 10 3/4.

Prices declined sharply on the American Stock Exchange in slow trading. The Amex index fell 1.20 to 126.69.

U.S. Imposes Price Floor on Steel Imports

WASHINGTON, Jan. 3 (Reuters).—The Treasury today set steel import reference prices which would enable importers to sell for no more than 9 per cent below domestic prices on key products, although some key prices would be above domestic prices.

The differentials, however, did not include the effect of a 5.5-per-cent increase scheduled for a wide range of domestic products on Feb. 1.

The prices were established for 17 products, based on the production costs of Japanese makers, working on the theory that they are the world's most efficient producers.

New Issue
January 4, 1978

All of these bonds having been placed, this announcement appears for purposes of record only.

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Westdeutsche Landesbank
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Berliner Handels-
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Hessische Landesbank -
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R. Metzger seel. Sohn & Co.

Schröder, Münchmeyer, Hengst & Co.

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Aktiengesellschaft

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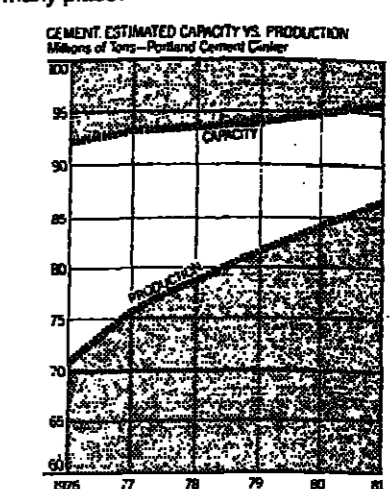
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12 Month - Stock										12 Month - Stock											
Div in % Yld. P/E 100s.										Div in % Yld. P/E 100s.											
High Low Prev. Close										High Low Prev. Close											
31	43%	16	Bentley	4.28	8.3	1	49%	49	24	78%	24	Curtis	2.4	9	52%	52	29	+	+	+	
32	18	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+	
33	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
34	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
35	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
36	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
37	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
38	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
39	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
40	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
41	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
42	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
43	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
44	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
45	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
46	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
47	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
48	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
49	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
50	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
51	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
52	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
53	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
54	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
55	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
56	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
57	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
58	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
59	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
60	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
61	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
62	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
63	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
64	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
65	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
66	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
67	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
68	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
69	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
70	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
71	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
72	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
73	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
74	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
75	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
76	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
77	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
78	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
79	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
80	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
81	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
82	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
83	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
84	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
85	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
86	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
87	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
88	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
89	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
90	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
91	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
92	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
93	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
94	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
95	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
96	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
97	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
98	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
99	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
100	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
101	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
102	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
103	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
104	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
105	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
106	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
107	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
108	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
109	24	Bentley	1.28	8.4	7	34	35%	35	24	78%	24	Curtis	1.28	3.8	12	13%	18	+	+	+	
110	40%	16	Bentley	1.50	3.8	7	35	25%	25	24	78%	24	Curtis	1.40	4.1	9	21%	34	+	+	+
1																					

CEMENT:

WILL THERE BE ENOUGH CAPACITY?

Demand for portland cement has been growing steadily and within three years, demand and supply will be in close balance in many places.



LONE STAR INDUSTRIES

Write for our Annual Report

One Greenwich Plaza,
Greenwich, Conn.
06830, U.S.A.

[illegible]

24	26	HAW	3	1.0	1	3	3	3	34 +
35	35	HackW	3	7.8	8	39	39	39	39 +
36	36	HackW	3	1.0	1	3	3	3	34 +
37	37	HalpP	8	85	8	2	2	2	22 +
38	38	HalpP	8	85	8	2	2	2	22 +
39	39	Hallit	10	2.7	1	30	30	30	30 +
40	40	Hallit	10	2.7	1	30	30	30	30 +
41	41	Hallit	10	2.7	1	30	30	30	30 +
42	42	Hallit	10	2.7	1	30	30	30	30 +
43	43	Hallit	10	2.7	1	30	30	30	30 +
44	44	Hallit	10	2.7	1	30	30	30	30 +
45	45	Hallit	10	2.7	1	30	30	30	30 +
46	46	Hallit	10	2.7	1	30	30	30	30 +
47	47	Hallit	10	2.7	1	30	30	30	30 +
48	48	Hallit	10	2.7	1	30	30	30	30 +
49	49	Hallit	10	2.7	1	30	30	30	30 +
50	50	Hallit	10	2.7	1	30	30	30	30 +
51	51	Hallit	10	2.7	1	30	30	30	30 +
52	52	Hallit	10	2.7	1	30	30	30	30 +
53	53	Hallit	10	2.7	1	30	30	30	30 +
54	54	Hallit	10	2.7	1	30	30	30	30 +
55	55	Hallit	10	2.7	1	30	30	30	30 +
56	56	Hallit	10	2.7	1	30	30	30	30 +
57	57	Hallit	10	2.7	1	30	30	30	30 +
58	58	Hallit	10	2.7	1	30	30	30	30 +
59	59	Hallit	10	2.7	1	30	30	30	30 +
60	60	Hallit	10	2.7	1	30	30	30	30 +
61	61	Hallit	10	2.7	1	30	30	30	30 +
62	62	Hallit	10	2.7	1	30	30	30	30 +
63	63	Hallit	10	2.7	1	30	30	30	30 +
64	64	Hallit	10	2.7	1	30	30	30	30 +
65	65	Hallit	10	2.7	1	30	30	30	30 +
66	66	Hallit	10	2.7	1	30	30	30	30 +
67	67	Hallit	10	2.7	1	30	30	30	30 +
68	68	Hallit	10	2.7	1	30	30	30	30 +
69	69	Hallit	10	2.7	1	30	30	30	30 +
70	70	Hallit	10	2.7	1	30	30	30	30 +
71	71	Hallit	10	2.7	1	30	30	30	30 +
72	72	Hallit	10	2.7	1	30	30	30	30 +
73	73	Hallit	10	2.7	1	30	30	30	30 +
74	74	Hallit	10	2.7	1	30	30	30	30 +
75	75	Hallit	10	2.7	1	30	30	30	30 +
76	76	Hallit	10	2.7	1	30	30	30	30 +
77	77	Hallit	10	2.7	1	30	30	30	30 +
78	78	Hallit	10	2.7	1	30	30	30	30 +
79	79	Hallit	10	2.7	1	30	30	30	30 +
80	80	Hallit	10	2.7	1	30	30	30	30 +
81	81	Hallit	10	2.7	1	30	30	30	30 +
82	82	Hallit	10	2.7	1	30	30	30	30 +
83	83	Hallit	10	2.7	1	30	30	30	30 +
84	84	Hallit	10	2.7	1	30	30	30	30 +
85	85	Hallit	10	2.7	1	30	30	30	30 +
86	86	Hallit	10	2.7	1	30	30	30	30 +
87	87	Hallit	10	2.7	1	30	30	30	30 +

21	IC Ind	1.52	4.1	5	17	18	24%	24%	
22	IC In p	2.30	8.0	7	18	18	43%	43%	
23	ICN	0.50	5.9	7	73	73	54%	54%	
24	ICN	0.50	5.9	7	73	73	54%	54%	
25	ICN	0.50	5.9	7	73	73	54%	54%	
26	ICN	0.50	5.9	7	73	73	54%	54%	
27	ICN	0.50	5.9	7	73	73	54%	54%	
28	ICN	0.50	5.9	7	73	73	54%	54%	
29	ICN	0.50	5.9	7	73	73	54%	54%	
30	ICN	0.50	5.9	7	73	73	54%	54%	
31	ICN	0.50	5.9	7	73	73	54%	54%	
32	ICN	0.50	5.9	7	73	73	54%	54%	
33	ICN	0.50	5.9	7	73	73	54%	54%	
34	ICN	0.50	5.9	7	73	73	54%	54%	
35	ICN	0.50	5.9	7	73	73	54%	54%	
36	ICN	0.50	5.9	7	73	73	54%	54%	
37	ICN	0.50	5.9	7	73	73	54%	54%	
38	ICN	0.50	5.9	7	73	73	54%	54%	
39	ICN	0.50	5.9	7	73	73	54%	54%	
40	ICN	0.50	5.9	7	73	73	54%	54%	
41	ICN	0.50	5.9	7	73	73	54%	54%	
42	ICN	0.50	5.9	7	73	73	54%	54%	
43	ICN	0.50	5.9	7	73	73	54%	54%	
44	ICN	0.50	5.9	7	73	73	54%	54%	
45	ICN	0.50	5.9	7	73	73	54%	54%	
46	ICN	0.50	5.9	7	73	73	54%	54%	
47	ICN	0.50	5.9	7	73	73	54%	54%	
48	ICN	0.50	5.9	7	73	73	54%	54%	
49	ICN	0.50	5.9	7	73	73	54%	54%	
50	ICN	0.50	5.9	7	73	73	54%	54%	
51	ICN	0.50	5.9	7	73	73	54%	54%	
52	ICN	0.50	5.9	7	73	73	54%	54%	
53	ICN	0.50	5.9	7	73	73	54%	54%	
54	ICN	0.50	5.9	7	73	73	54%	54%	
55	ICN	0.50	5.9	7	73	73	54%	54%	
56	ICN	0.50	5.9	7	73	73	54%	54%	
57	ICN	0.50	5.9	7	73	73	54%	54%	
58	ICN	0.50	5.9	7	73	73	54%	54%	
59	ICN	0.50	5.9	7	73	73	54%	54%	
60	ICN	0.50	5.9	7	73	73	54%	54%	
61	ICN	0.50	5.9	7	73	73	54%	54%	
62	ICN	0.50	5.9	7	73	73	54%	54%	
63	ICN	0.50	5.9	7	73	73	54%	54%	
64	ICN	0.50	5.9	7	73	73	54%	54%	
65	ICN	0.50	5.9	7	73	73	54%	54%	
66	ICN	0.50	5.9	7	73	73	54%	54%	
67	ICN	0.50	5.9	7	73	73	54%	54%	
68	ICN	0.50	5.9	7	73	73	54%	54%	
69	ICN	0.50	5.9	7	73	73	54%	54%	
70	ICN	0.50	5.9	7	73	73	54%	54%	
71	ICN	0.50	5.9	7	73	73	54%	54%	
72	ICN	0.50	5.9	7	73	73	54%	54%	
73	ICN	0.50	5.9	7	73	73	54%	54%	
74	ICN	0.50	5.9	7	73	73	54%	54%	
75	ICN	0.50	5.9	7	73	73	54%	54%	
76	ICN	0.50	5.9	7	73	73	54%	54%	
77	ICN	0.50	5.9	7	73	73	54%	54%	
78	ICN	0.50	5.9	7	73	73	54%	54%	
79	ICN	0.50	5.9	7	73	73	54%	54%	
80	ICN	0.50	5.9	7	73	73	54%	54%	
81	ICN	0.50	5.9	7	73	73	54%	54%	
82	ICN	0.50	5.9	7	73	73	54%	54%	
83	ICN	0.50	5.9	7	73	73	54%	54%	
84	ICN	0.50	5.9	7	73	73	54%	54%	
85	ICN	0.50	5.9	7	73	73	54%	54%	
86	ICN	0.50	5.9	7	73	73	54%	54%	
87	ICN	0.50	5.9	7	73	73	54%	54%	
88	ICN	0.50	5.9	7	73	73	54%	54%	
89	ICN	0.50	5.9	7	73	73	54%	54%	
90	ICN	0.50	5.9	7	73	73	54%	54%	
91	ICN	0.50	5.9	7	73	73	54%	54%	
92	ICN	0.50	5.9	7	73	73	54%	54%	
93	ICN	0.50	5.9	7	73	73	54%	54%	
94	ICN	0.50	5.9	7	73	73	54%	54%	
95	ICN	0.50	5.9	7	73	73	54%	54%	
96	ICN	0.50	5.9	7	73	73	54%	54%	
97	ICN	0.50	5.9	7	73	73	54%	54%	
98	ICN	0.50	5.9	7	73	73	54%	54%	
99	ICN	0.50	5.9	7	73	73	54%	54%	
100	ICN	0.50	5.9	7	73	73	54%	54%	

[illegible]

[illegible]

— 12 Month — Stock										CH	
High.	Low.	Div. 3	Yld.	P/E	5y.	100s.	High	Low	Clos.	3 p.m.	Close
37 1/2	39	USairdG	1.84	5.6	5	45	32 1/2	33 1/2	32 1/2	34	32 1/2
23 1/2	24 1/2	USGays	1.68	7.2	8	40	23 1/2	24 1/2	23 1/2	24 1/2	23 1/2
34 1/2	35 1/2	USGy pf78	2.1	9	11	24	34 1/2	35 1/2	34 1/2	35 1/2	34 1/2
43 1/2	45	USMNH	2.4	5.3	112	78	43 1/2	45	43 1/2	45	43 1/2
46 1/2	48	USIND	2.6	5.7	132	78	46 1/2	48	46 1/2	48	46 1/2
15 1/2	16 1/2	USJAP	4.0	3.0	14	13 1/2	15 1/2	16 1/2	15 1/2	16 1/2	15 1/2
5 1/2	5 1/2	US RIV			14	5	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
50	52	USSTET	1.20	5.0	9	30 1/2	50	52	50	52	50
37 1/2	38 1/2	USTobac	4.7	4.7	10	36 1/2	37 1/2	38 1/2	37 1/2	38 1/2	37 1/2
24 1/2	25 1/2	USVAC	1.10	4.7	11	24 1/2	24 1/2	25 1/2	24 1/2	25 1/2	24 1/2
21 1/2	22 1/2	UnifTel	1.28	6.8	185	19	21 1/2	22 1/2	21 1/2	22 1/2	21 1/2
22 1/2	23 1/2	UnifTel 2nd38	4.8	4.8	22 1/2	23 1/2	22 1/2	23 1/2	22 1/2	23 1/2	22 1/2
22 1/2	23 1/2	UnifTel 3rd38	4.8	4.8	22 1/2	23 1/2	22 1/2	23 1/2	22 1/2	23 1/2	22 1/2
11	11 1/2	Unifver	5.6	4.3	23	8 1/2	11	11 1/2	11	11 1/2	11
37 1/2	39 1/2	UnifVid	1.28	5.0	18	23 1/2	37 1/2	39 1/2	37 1/2	39 1/2	37 1/2
41 1/2	43 1/2	UnifVid pf78	2.1	9	23 1/2	41 1/2	41 1/2	43 1/2	41 1/2	43 1/2	41 1/2
38 1/2	40	Upshion	1.20	3.4	103	35 1/2	38 1/2	40	38 1/2	40	38 1/2
19 1/2	20 1/2	USLIFE	3.2	2.8	7	19 1/2	19 1/2	20 1/2	19 1/2	20 1/2	19 1/2
20 1/2	21 1/2	USLIFE	3.2	2.8	7	19 1/2	20 1/2	21 1/2	20 1/2	21 1/2	20 1/2
20 1/2	21 1/2	USLIFE	3.2	2.8	7	19 1/2	20 1/2	21 1/2	20 1/2	21 1/2	20 1/2
34 1/2	35 1/2	USPL	2.80	8.0	5	32	34 1/2	35 1/2	34 1/2	35 1/2	34 1/2
32 1/2	33 1/2	USPL	2.80	8.0	5	32	32 1/2	33 1/2	32 1/2	33 1/2	32 1/2
V											
22 1/2	24 1/2	VFC Co	1.20	4.5	7	30	18 1/2	19	18 1/2	19	18 1/2
12 1/2	13 1/2	VFI Cp	3.0	4.8	8	2	12 1/2	13 1/2	12 1/2	13 1/2	12 1/2
12 1/2	13 1/2	VFI Cp	3.0	4.8	8	2	12 1/2	13 1/2	12 1/2	13 1/2	12 1/2
21 1/2	22 1/2	Vari	4.0	2.0	12	75	19 1/2	20 1/2	19 1/2	20 1/2	19 1/2
12 1/2	13 1/2	Vari	3.0	2.0	2	38	10 1/2	11 1/2	10 1/2	11 1/2	10 1/2
13 1/2	14 1/2	Vers	5.0	2.7	6	112	14 1/2	15 1/2	14 1/2	15 1/2	14 1/2
13 1/2	14 1/2	Vers	5.0	2.7	6	112	14 1/2	15 1/2	14 1/2	15 1/2	14 1/2
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51 1/2	53 1/2	VaEP pf42	8.1	8.1	268	51	51	53 1/2	51	53 1/2	51
51 1/2	53 1/2	VaEP pf42	8.1	8.1	268	51	51	53 1/2	51	53 1/2	51
104	97 1/2	VaEP pf84	4.8	4.8	230	100	100	100	100	100	100
104	97 1/2	VaEP pf84	4.8	4.8	230	100	100	100	100	100	100
32 1/2	33 1/2	VaEP pf20	9.6	9.6	33	32 1/2	32 1/2	33 1/2	32 1/2	33 1/2	32 1/2
32 1/2	33 1/2	VaEP pf20	9.6	9.6	33	32 1/2	32 1/2	33 1/2	32 1/2	33 1/2	32 1/2
11	11 1/2	VaEP pf72	9.1	9.1	210	85	85	85	85	85	85
11	11 1/2	VaEP pf72	9.1	9.1	210	85	85	85	85	85	85
69 1/2	61	VaEP pf74.5	9.1	9.1	62	62 1/2	62 1/2	62 1/2	62 1/2	62 1/2	62 1/2
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21 1/2	22 1/2	Walfr	1.10	4.2	8	11 1/2	21 1/2	22 1/2	21 1/2	22 1/2	21 1/2
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12%	9 1/2	SoalBk	.40	3.7	10	60	10%	10%	10%
8%	7	SoalPS	1.37	18.6	6	7%	7%	7%	

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Amex Nationwide Trading (3 O'clock) Jan. 3[illegible]

International Bonds Traded in Europe

[illegible]

Japan Development Aid

TOKYO, Jan. 3 (AP-DJ).—Japan's direct government-to-government loans in 1977 totaled 380.7 billion yen (\$1.6 billion), up 62.6 per cent from a year earlier, the Foreign Ministry announced.

Stolen Cash Restored In Spain Bomb Scare

SEVILLE, Jan. 3 (UPD.)—
Courthouse guards today noticed
a suspicious briefcase on the floor
of a dark corridor and called in
a bomb squad, which took it
away and opened it in a safe
place.

The explosives experts found
that the case contained \$38,983
pesetas (\$6,617) in cash—and
nothing else. Police said the
briefcase had been stolen from
a construction firm and ap-
parently was dropped by the thief
when he became afraid that he
was being followed.

Eurocurrency Interest Rates

	Dollar	Mark	Franc	Sterling
M.	67-7	2 1/2-3 1/2	1 1/4-1 1/2	6 1/2-6 3/4
M.	7-7 1/2	2 1/2-2 3/4	1 1/2-1 3/4	6 1/2-6 3/4
M.	7 1/2-7 3/4	2 3/4-3	1 1/2-1 3/4	6 3/4-6 3/4
M.	7 1/2-7 3/4	2 3/4-3	1 1/2-1 3/4	7-7 1/2
Y.	7 1/2-7 3/4	2 1/2-3 1/4	2 1/2-2 1/2	7 3/4-7 3/4

European Gold Markets
Jan. 3, 1978

London	168.60	169.20	+4.25
Zurich	167.125	168.875	+2.625
Paris (12.5 kilo)	174.68	175.48	+3.75*

*From Friday morning fixing.

Stolen Cash Restored

In Spain Bomb Scare

SEVILLE, Jan. 3 (UPD).—
COURTHOUSE guards today noticed a suspicious briefcase on the floor of a dark corridor and called in a bomb squad, which took it away and opened it in a safe place.

The explosives experts found that the case contained \$38,963 pesetas (\$6,617) in cash—and nothing else. Police said the briefcase had been stolen from a construction firm and apparently was dropped by the thief when he became afraid that he was being followed.

ينشر هذا الاعلان للعلم فقط
This announcement appears as a matter of record only

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 البنك العربي الأوروبي
 المحدود (لندن)
European Arab Bank
 عربي الإسباني
Banco Árabe Español
 المحدود (لندن)
European Arab Bank

International Stock Indexes

	Yest	Prev	High
Amsterdam	87.20	87.40	87.48
Brussels	87.44	87.53	87.44
Frankfurt	148.17	148.27	148.27
London 30	485.30	485.49	485.40
London 500	220.64	231.14	231.14
Milan	55.86	55.67	55.66
Paris	98.10	98.80	98.10
Sydney	479.43	477.10	479.43
Tokyo (nt)		Closed	
Tokyo (o)		Closed	
Zurich	318.70	318.90	318.90

(nt) New. (o) Old

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Notre Dame Crushes Texas; Arkansas Upsets Oklahoma

sh Win, 38-10,
Cotton Bowl

by Leonard Shapiro

LAS, Jan. 3 (WP).—Notre Dame, ranked No. 1, crushed Texas, ranked No. 2, in the Cotton Bowl, 38-10, yesterday.

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The U.S. college football championship was left uncertain by the major bowl games as the teams ranked first, second and fourth were all beaten.

Texas, ranked No. 1, lost to Notre Dame, ranked No. 5, in the Cotton Bowl; Oklahoma, ranked No. 2, lost to Arkansas, ranked No. 6, in the Sugar Bowl; Michigan, ranked No. 4, lost to Washington, which was not ranked in the top 10, in the Rose Bowl.

The highest-ranking team to win a bowl game was Alabama, No. 3, which beat Ohio State in the Sugar Bowl.

Notre Dame, Arkansas and Alabama immediately insisted that each should become No. 1 in the wire service polls to be made public this week. The National Football Foundation announced that it had selected Notre Dame to get the MacArthur Bowl, its award to the best football team.

In the Sugar Bowl Alabama Cruises Over Ohio State

By Dave Anderson

NEW ORLEANS, Jan. 3 (NYT).—On the sidelines across from each other in the Sugar Bowl game yesterday, they resembled two old generals. Grant and Lee perhaps. But this time, Lee won. Paul (Bear) Bryant, the 64-year-old Alabama coach, wearing a Confederate gray suede sports jacket, enjoyed a 35-6 rout of Ohio State, coached by 64-year-old Woody Hayes.

Completed with Notre Dame's 38-10 upset of top-ranked Texas in the Cotton Bowl, the "Bama" rout in the Sugar Bowl was the 21st straight. The Irish lost 389 yards of total offense.

"I have only one vote," Bryant said, adding to the United Press International panel of coaches, "and unless I see something to change my mind, I'll vote for us. I might see something, but I don't think so."

"I don't have a vote [in the coaches' poll]," Hayes said, "but on the basis of what I saw today, I'd vote for Alabama."

Big Early Lead
Jeff Rutledge, a 6-foot-2-inch junior quarterback who was voted the most valuable player in the game, threw two touchdowns passes for Alabama while completing 8 of 11 passes for 108 yards.

Alabama's clinching touchdowns were scored by Major Osborne on a 1-yard smash and by Johnny Davis on a 5-yard run.

"They had back as much material as we did," Bryant commented later, "but we had one-fourth as much coaching."

That was typical of the two old coaches' respect for each other.

Hayes, who was wearing a scarlet windbreaker, took it off and slumped it to the artificial turf with a left-handed flourish.

Rushing Record In Orange Bowl

By David Dupres

MIAMI, Jan. 3 (WP).—Arkansas, an 18-point underdog, humiliated the Oklahoma Sooners last night in the Orange Bowl, 31-0.

The Arkansas coach, Lou Holtz, suspended three players—including his top rusher and his top pass receiver—for a dormitory incident while the team was still in Fayetteville, and his team had to get ready to play the No. 2-ranked Sooners under the pressure of those suspensions and a lawsuit that followed.

Nevertheless, the Razorbacks came out ready to play.

Sophomore Stars
The offense for Arkansas was provided by a sophomore running back, Roland Sales, who rushed for 205 yards on 22 carries and scored two touchdowns.

Sales played in the shadow of Ben Cowins, one of the suspended players, all season, but this was his night. He ran inside and out and was a threat to break away every time he touched the football.

With Sales running wild and with quarterback Ron Callaway keeping the Sooners off balance with his wide-open style, the Razorbacks were in control the entire game and the Sooners were handed their worst defeat since 1959.

Quickness Decides
Arkansas' defense was as impressive as its offense. Oklahoma was bigger and stronger, but Arkansas used superior quickness to shut down the usually explosive Oklahoma offense.

Time after time, Arkansas got quick penetration on the Oklahoma quarterback, Thomas Loft, forcing him either to pitch the ball quicker than he wanted or to eat it for a loss.

Oklahoma appeared to get more frustrated as the game went on, and once the Sooners found out they couldn't push Arkansas around—as they did most of the season—they seemed to lose much of their enthusiasm.

Both teams went into the game with 10-1 records, having lost only to Texas. And now, Arkansas, given little chance by most even to stay on the field with Oklahoma, has a legitimate shot at the national championship.

Fraternity Support
"In my mind I think we're No. 1," said the jubilant Holtz. "Even the Knights of Columbus sent me a telegram telling us we should be No. 1. Bring on the winner of the Dallas-Denver game."

A stunned Oklahoma coach, Barry Switzer, could say little more than, "It was a thorough whipping. They did something I didn't think a team could do—I take the football and move it on us like they did."

Hinterseer Triumphs, Saves Place on Team
(LANGENWANG, Austria, Jan. 3 Reuters).—Hans Hinterseer of Austria today won an international ski federation slalom here, ahead of Alois Morgenstern of Austria and Bojan Križaj of Yugoslavia.

The victory keeps Hinterseer on Austria's World Cup team. He was told he would be dropped unless he took one of the top three places in today's race.



OVER FOR A SCORE—The official signals a touchdown for Johnny Davis of Alabama in the Sugar Bowl game.

In the Rose Bowl Underdog Washington Beats Michigan

By Betty Cumiberti

PASADENA, Calif., Jan. 3 (WP).—Washington, a four-time loser this season, held off a Michigan rally by intercepting two passes in the final minutes for a 27-20 upset in the Rose Bowl yesterday.

The Huskies, two-touchdown underdogs, stormed to a 27-7 lead going into the fourth quarter on the strength of quarterback Warren Moon's two touchdowns runs and touchdown pass of 28 yards to Spider Gaines.

But Michigan, ranked fourth nationally and co-champion with Ohio State in the Big 10 this year, refused to quit. Russell Davis rammed two yards for a touchdown early in the fourth quarter and Rick Leach passed 23 yards to Stanley Edwards for another score with 3:44 left.

Michigan missed the extra point, leaving them behind 27-20. Then the Wolverines, now 10-2, regained possession with 2:54 to go and drove quickly to the Washington 8-yard line.

Throws on First Down
But on first down, with 1:28 left, Leach angled a pass to Edwards, who hobbled the ball down his arms and into the hands of a Washington linebacker, Michael Jackson.

"I'll take the blame on that. It was a bad call," said the Michigan coach, Bo Schembechler. "We had all the time in the world, and it was right there for us. There was no need to pass. We had the two-point conversion ready to come in."

The Wolverines got one more opportunity. With 40 seconds left, they got the ball at Washington's 48 after a punt. Leach threw one pass incomplete, then heaved a bomb to Clayton, but it was intercepted by left cornerback Neely Glasgow.

The Huskies, who began the season by losing three of their first games, proved that they were never ready to believe the

things people had said about them.

"When we were 1-3, fans had lost faith in us, the Pac-8 conference and the whole country had lost faith in us," said Moon, who was voted the game's most valuable player.

"But today we proved to ourselves and to everybody in the nation that we can play competitive football with anybody."

Lots of Daring
Washington, now, 8-4, confounded Michigan with its variety of daring plays. The Huskies threw on third and one, reversed on a

kickoff return and completed a

46-yard pass on a fake punt. "The play appeared to be there," the Washington coach, Don James, said of the fake punt. "There are a lot of things you can do if you have enough courage, or a lack of brains."

"We felt we had to gamble to win this game. I'm surprised we could hang in there head-to-head as tough as we did. We were frightened that we wouldn't be able to move against them. I have a lot more respect for my team now than I did before."

"Our offensive coordinator, Dick Scenicak, called the plays from

the press box, and a few of them

scored me but No. 1 (Moon) played with a lot of guts and Scenicak called plays with a lot of guts."

Moon completed 12 of 23 passes for 188 yards, one touchdown and two interceptions. Leach, throwing often in the second half, hit 14 of 27 for 238 yards.

But it was Moon's day after piloting the Huskies to their first Rose Bowl victory in 17 years.

"This is the ultimate," he said. "This is the dream that I've always wanted: Warren Moon is a quarterback. Warren Moon is a winner."

The Soccer Scene

England Still Isn't Going Anywhere

By Rob Hughes

LONDON, Jan. 3 (REUTERS).—Let them believe if they wish, the voice imploring. After all, the festive season isn't done, and if people draw hope from myth, where's the harm?

The team comes when people actually begin to plan on hope. At least one player, reading mounting "informed" speculation that England will, after all, get to the World Cup finals, began changing his holiday arrangements. But how could England qualify, after its elimination by Italy? Through the back door, say reports, when FIFA kicks out Iran.

The reason for that, the story goes, is that Iran represents Asia and Oceania, and that because the Asian confederation has been fouling the international rules, FIFA, the world authority, will have to disqualify Iran from the place laboriously and properly won.

Travel Agent Ready
And England, which would be popular because of her noble traditions and which anyway failed only on goal average, would of course be the logical replacement. There is even a travel agent who is drawing up plans for the day FIFA gives England the call.

It is fanciful rubbish. From Zurich, Dr. Heintz Kaiser, the FIFA secretary, says: "Those who say Iran will be barred do not know FIFA statutes. Iran was the right to play in a tournament that is not organized on continental considerations. And, though the FIFA executive committee will discuss Asia next week, the question of Iran's place in the finals is not, in my personal opinion, in any question."

Spotsport, Dr. Kaiser, admits, however, that the Asian confederation continues to leave FIFA an insoluble hangover. He received a letter today from Asia

stating that it now considered that the question of its expulsion of Taiwan and Israel (against FIFA's ruling) is settled since both countries had withdrawn. The third political problem—Asia's admittance of China at Taiwan's expense—is "still under discussion."

An Old Issue
FIFA and Asia have been at odds over China since 1974, and Dr. Kaiser warns that Asia, in expelling one nation and admitting another on political grounds, is acting illegally. "The Asian confederation seems to have forgotten that it is nothing more than an internal body, representing a certain geographic area of FIFA, and it cannot make up its own mind and statutes," he said.

FIFA gave Asia a Jan. 12 deadline to move into line; on Jan. 13, the executive body meets and the real courses of punishment open to it are to withhold FIFA subsidy for administration costs and to discontinue instructional courses.

A pity, because Asia is one huge area of the world's population that desperately needs the encouragement and Iran's success—while emphasizing, of course, the backing of oil money—is equally a sign that the Asians learn well.

Meanwhile, in Europe, where the 14 million registered soccer players represent 80 per cent of the world's players, another emerging nation, or bloc of nations, has come to the fore.

Scandinavian countries such as Sweden have begun repatriating star players by turning professional with the help of huge industrial financial backing. Denmark has only amateurs but is on the brink of professionalism—what better time than now since Allan Simonsen, the superbly gifted goalkeeper and technically brilliant Borussia Moenchengladbach forward, has been voted France Football's European player of the year?

Simonsen, 25, stands no higher than 5 feet 5 inches and weighs less than 150 pounds, yet his irrepressible form, particularly in European away matches, demonstrates that class will be rewarded, from no matter how small a source.

A postscript: last week we reported the voluntary pain that Paul Fletcher, the young English center-half, underwent during Christmas to accelerate his return. Last Saturday, ahead of even his own scheduling, he played in his club's first team game. It won, 5-1, and Fletcher reports no after-effects from his first match, just 45 days after the car crash that came close to killing him.

For Fletcher, for Simonsen, for Iran, 1978 beckons invitingly. For England? Time to start believing that there are no open back doors for the failed.

3 Masters of Tennis Start After the Grand Prize Today

By Neil Amhurst

NEW YORK, Jan. 3 (NYT).—His thrilling victory over Connors in the U.S. Open Championships, Guillermo said, "For sure, I am in the world for 1977."

Maybe he is. The 25-year-old Argentine left-hander won 20 matches, more than \$700,000 in prize money and 22 of his last 23 matches, including at Paris and Forest Hills.

Vilas lost his only two matches against Bjorn Borg this year. If Borg, the Wimbledon champion, were to beat Vilas in the Grand Prix Masters starting tomorrow at Madison Square Garden, Borg could be the No. 1 spot he felt he had lost last year.

What of Connors? Could a case be constructed for the versatile 25-year-old American were to wipe out Vilas and in the same week? Will Connors show up for the 11th-hour revival?

Some elements are only part of the intrigue drama that will be in the five-day, \$400,000 Madison Square Garden event, ready to fulfill its promise as showcase of the stars.

to determine the world's No. 1 male player for the year. A round-robin format—differing from the regular single-knockout tournament concept—was instituted to heighten interest. Theoretically, the survivor of the Masters would have to beat at least half

of the pros in the eight-player draw. But concepts do not always hold in the turbulent world of organized tennis. Last year, for example, Connors, Borg and Vilas, the season's top three stars, skipped the Masters in Houston, and Marnet Orantes won a somewhat hollow victory over Wojtek Fibak of Poland.

That will not be the case this year. All of the heavy hitters are in the field, including Orantes, and most have used the last three weeks to rest and prepare for the \$100,000 first prize.

Two Brackets
The draw for the Masters is based on the order of finish in the Grand Prix standings. The first, fourth, fifth and eighth finishers are bracketed in one group, with the second, third, sixth and seventh finishers in a second group.

The luck of the draw would appear to favor the 21-year-old Borg, who holds a career edge over each of the three rivals in his group. Brian Gottfried, Roscoe Tanner and Raul Ramirez. The other group has Vilas, Orantes, Eddie Dibbs and Connors, who squeaked in for the final spot when Phil Dent of Australia failed to win his national championship.

Vilas is seeded No. 1, having finished first in the Grand Prix and pocketed the \$300,000 first prize. But on a faster indoor carpet, playing Orantes, Connors

and Dibbs on successive nights, Vilas may be more vulnerable than he was in piling up his amazing summer winning streak on slower courts.

Vilas arrived here early last week with his mentor and manager, Ion Tiriac, to train indoors. Ironically, it was a victory in the 1974 Masters in Melbourne, Australia, that catapulted him to international prominence.

Upset in Spain
Borg had won six straight tournaments and 31 consecutive matches before losing surprisingly to Sherwood Stewart last month in Spain. He has never won the Masters, but that is not the only reason for his intense preparation this time around.

Last year, Borg won Wimbledon and the World Championship of Tennis title and was runner-up to Connors at Forest Hills. "I felt my record last year was good enough for No. 1," he has said on numerous occasions. The various ranking bodies disagreed, placing Connors ahead on the strength of a 4-0 win-loss record against Borg for the year.

Borg has not played Vilas in the last six months. But the Swedish star has won seven of their last eight meetings and is 11-4 in the rivalry, which may loom large in Vilas's sensitive psyche.

Search for Confidence
Connors remains the enigma in the field. Ray Rontgen, the tournament director, said Connors was so concerned about whether he

might be bumped as the final qualifier that "he was phoning our offices almost every day to check on where he stood."

Connors needs a title here to restore the confidence that his game requires to sustain its intensity. After runner-up showings at Wimbledon Forest Hills and five other Grand Prix events last year, the talk among rival players is that Connors has lost the magic that swept the world in 1974.

Can anyone other than Vilas, Borg or Connors win the Masters? Perhaps, particularly with the indoor setting, where lights, lobbying and the synthetic surface can affect the best-laid plans and previous records.

Each Has His Strength
Gottfried finished second to Vilas in the Grand Prix in his best individual effort but still needs to handle the big guns. Tanner has the overpowering serve, but was inconsistent of the ground. Ramirez and Dibbs qualify for the Masters on consistency without showing the flashes of brilliance that characterized their 1976 seasons.

And then there is Orantes, out of action since spraining his left ankle in the semifinals of the Manila Open. Orantes, it seems, is always on the mend. But then, that is when the affable Spaniard appears most mischievous, when no one expects miracles.

Orantes will play Vilas in the feature match on opening night. It may set the tone for the remaining days.

Lyle Posts Bond In Fatal Shooting

GOLDEN, Colo., Jan. 3 (UPI).

Heavyweight boxer Ron Lyle was freed on \$1,000 bond today in the New Year's Eve shooting of his former trainer and given 48 hours to arrange for a \$10,000 property bond in the case.

Lyle, 36, who has been jailed since Saturday, was advised of the second-degree murder charges against him in the case. His attorney, Walter Gerlach, said the fighter would plead innocent to the charges.

Lyle, ranked the No. 3 heavyweight contender by the World Boxing Council, was arrested after a neighbor notified authorities that Vernon Clark, 59, had been shot at Lyle's suburban home near Lakewood.

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